

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2005



Prepared by:

Department of Finance
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COUNTY OF ROCKINGHAM, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2005

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INTRODUCTORY SECTION



JOSEPH S. PAXTON
County Administrator



ROCKINGHAM COUNTY

BOARD OF SUPERVISORS

PABLO CUEVAS

Election District No. 1

CHARLES W. AHREND

Election District No. 2

DEE E. FLOYD

Election District No. 3

WILLIAM B. KYGER, JR.

Election District No. 4

MICHAEL A. BREEDEN

Election District No. 5

November 21, 2005

Board of Supervisors
County of Rockingham
20 East Gay Street
Harrisonburg, VA 22802

Gentlemen:

It is my pleasure to submit to you the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2005. This report has been prepared in accordance with Section 15.2-2503 of the *Code of Virginia*, 1950, as amended.

With adoption of the State budget for the fiscal year beginning July 1, 2004, the General Assembly took a significant step forward to address the funding shortfall for many services which the Commonwealth partners with localities, particularly in areas such as education, law enforcement, and social services. There remains to be work ahead to meet the transportation needs in our area. These needs include improvements to Interstate 81, the road network included in the Harrisonburg Area Transportation plan, Route 340, Route 259 and numerous secondary roads.

The ongoing war on terrorism and the increased cost of fuel are at the forefront of the issues facing federal, state, and local governments. In addition, the response to the devastation from the recent storm events in the Gulf Coast area will require a significant reallocation of federal resources. These priorities will limit the amount of federal funds available for other public services at the local level, thereby increasing the burden on state and local government to meet these needs.

The Board has authorized an estimated \$23.7 million for the renovation of and addition to J. Frank Hillyard Middle School, and the renovation of Wilbur S. Pence Middle School. Further discussions with the School Board continue as the County addresses key growth issues, with particular attention to the Spotswood High School attendance area, which is experiencing the most rapid increase in average daily student membership.

Other significant events and actions that occurred this past year include:

- Completed an addition and renovations at Elkton Middle School and renovations at Montevideo Middle School.
- Began construction on the first phase of the County's Technology and Industrial Park on North Valley Pike.
- Began a rewrite of the ordinance regulating the subdivision of property.
- Completed the construction of and opened a satellite refuse collection and recycling center in the Town of Grottoes.
- Completed the construction of the Rockingham-Harrisonburg Emergency Communications Center (ECC) located on the 5th floor of Harrison Plaza, in partnership with the City of Harrisonburg.
- Consolidated the operations of the dispatch function of the County and City Fire and Rescue, City Police and Sheriff's Department at the new ECC.
- Authorized the construction of a new two-way radio system for County and City government operations in partnership with the City.
- Completed the construction of the North Valley Pike sewer collection system.
- Reached substantial completion on the new Lakewood sewer pump station, gravity lines, and forcemain, to replace the Massanetta Springs and Lakewood pump stations and forcemains.
- Began the design of Phase III (piggyback) of the landfill expansion, in partnership with the City.
- Completed an extension to the McGaheysville area water system to serve Spotswood High School and constructed a 1.5 million gallon water storage tank.
- Completed design and construction of a 1.5 million gallon water storage tank and related water line in the Grassy Creek area.

Looking to the future, the Board, recognizing the number of issues facing the community in the coming years, held two workshops with staff and the constitutional officers this past spring. The purpose of these workshops was to provide the Board with presentations from staff in each area of County operations, outlining the pressing and future issues for service delivery. These discussions continue to result in action by the Board, including:

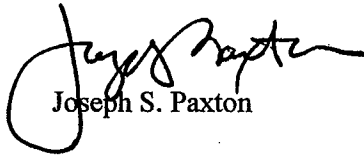
- Formed a working committee to discuss the short and long-term school needs for eastern Rockingham County;
- Authorized the construction of a new school administration building costing \$4.4 million;
- Began to evaluate the acquisition of additional operational space for social services, community services board, health department, and other related state and federal agencies;
- Agreed to the preliminary design of upgrades for the County and regional sewer authority wastewater treatment facilities to meet Chesapeake Bay environmental regulations; and,
- Created with the City a gang task force to provide support for the prevention of gang activity in our community.

In October 2005, the Board approved rezoning of 200+ acres of land adjacent to the City for the construction of a new medical complex for Rockingham Memorial Hospital. This action will assist the hospital in constructing a new state-of-the-art hospital facility to serve the citizens of this area.

Finally, there are two financially-related matters that are important for the County in the near term. First, during 2005, the County is completing a state mandated re-valuation of real estate for tax purposes, a procedure that is required periodically (every four years in Rockingham County's case) to ensure that all properties are assessed at fair market value. The rate to be charged for taxation purposes will be established after the Board has evaluated the future budget needs of the County. The other financial matter is the development of a financial modeling system to allow the Board to evaluate the potential financial impact of the rezoning of real estate. This information can also be used in discussions with developers, so that developers can determine the cost of their proposal to the County.

On behalf of the County's management team, I want to extend our sincerest appreciation to the members of the Board of Supervisors for the confidence expressed and resources rendered which allow staff to provide the services for the citizens of our community, and provide for the implementation of the Board's policies. We look forward to continuing to work together with you in providing an effective and efficient level of service to the citizens of Rockingham County.

Respectfully submitted,



Joseph S. Paxton



JOSEPH S. PAXTON
County Administrator



ROCKINGHAM COUNTY

BOARD OF SUPERVISORS

PABLO CUEVAS

Election District No. 1

CHARLES W. AHREND

Election District No. 2

DEE E. FLOYD

Election District No. 3

WILLIAM B. KYGER, JR.

Election District No. 4

MICHAEL A. BREEDEN

Election District No. 5

November 21, 2005

To the Board of Supervisors, County Administrator,
The Citizens of the County of Rockingham, and
The Financial Community:

The Finance Department is pleased to present the County of Rockingham's (the County) Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2005. The report is designed to present fairly the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County in all material respects, and to demonstrate compliance with applicable finance-related legal and contractual provisions. The report adheres to the principle of full disclosure so that the reader may gain the maximum understanding of the County's financial affairs.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

PBGH, LLP, Certified Public Accountants, have issued an unqualified ("clean") opinion on the County of Rockingham's financial statements for the year ended June 30, 2005. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The County of Rockingham, located in the heart of the Shenandoah Valley, is the third largest county in Virginia in land area with 853.65 square miles and an estimated population of 70,400. The independent city of Harrisonburg, with an estimated population of 42,500 serves as the County seat, and is the largest city in western Virginia between the Roanoke and the Washington, D.C. metropolitan areas.

The County of Rockingham was established in 1778 by an act of the Virginia General Assembly, and is organized under the traditional form of County government. Under this form, the County's governmental operations are directed by a five-member Board of Supervisors (Board) who are elected by election districts. The Board is responsible for establishing the policies and ordinances that provide the direction for the government and for approving the annual budget.

This report includes the financial activities of the County of Rockingham (primary government); as well as, the financial activities of the County's component units. Component units are legally separate entities for which the primary government is financially accountable and, therefore, are included in the primary government's CAFR.

The County provides a full range of services including law enforcement, emergency medical response, and fire protection; judicial services; correctional facilities; disposal of solid waste; utility services; planning and zoning; and recreational and cultural activities.

The County provides courthouse and jail facilities, as well as, the services of the Sheriff, Commonwealth's Attorney, and Clerk of the Circuit Court for the City of Harrisonburg (City). The total costs of these services are presented in this report and supporting schedules. The City reimburses the County for one-half of the net local cost incurred in the provision of these services.

Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position and results of operations from those of the primary government. The Rockingham County School Board is a legally separate entity and is reported as a discretely presented component unit. The County has consolidated social service operations with the City which is named the Harrisonburg-Rockingham Social Services District (District). The District is also a separate legal entity and is a discretely presented component unit in the government-wide financial statements.

The School, School Textbook, and School Cafeteria Funds are included in the supporting statistical schedules in this report since the Board is required to approve the budget for these operations. The County believes that the omission of these funds from the Statistical Section would not give the reader a complete depiction of the overall results of the operations of County government.

Additional information on the financial reporting entity can be found in Note 1.A. in the notes to the financial statements.

State law requires the County Administrator to submit a balanced budget to the Board no later than April 15th of each year. Each department and agency prepares its budget request for review and amendment by the County Administrator prior to inclusion in the County's general operating budget. The School Board and Social Services Administrative Board prepare their budgets and submit them to the County Administrator. The County Administrator then submits his recommendation to the Board's Finance Committee for consideration and recommendation to the full Board.

The Board establishes a time and place for a public hearing on the budget. A hearing must be held at least seven days prior to the adoption of the budget. Except for the School's budget, which may only be increased or decreased by major category or as a whole, the Board may insert new items of expenditure or may increase, decrease, or remove items of expenditure (other than debt service or other legal requirements). On April 28, 2004, the Board approved the budget for fiscal year 2005. During the fiscal year 2005, as is customary, the Board also approved supplemental budget amendments.

Local Economy

The County continues to enjoy a strong, diverse local economy and local indicators point to continued stability. The County has a varied manufacturing, industrial, distribution, services, and higher education base that adds to the relative stability of the unemployment rate (currently 2.7%). Major industries with headquarters or divisions located within the County's boundaries include a chemical manufacturer, brewery, printer, food service, retail distributors, four-season resort, and several poultry processors. Higher education also has a major presence within the area with a state university, private university, and a private college with a combined full-time enrollment of over 18,000 students.

According to the most recent report published in 2002 by the U.S. Census of Agriculture, Rockingham County is 2nd in the country in market value of poultry and poultry products sold, and is 39th in the country in market value of total agricultural products sold. Rockingham County's total cash receipts from agricultural production ranks 1st in the state (\$446 million) and exceeds the combined totals of the next four ranking counties.

The County also experienced a steady increase in building activity for fiscal year 2005. Over \$192 million was authorized for new construction and renovations in the County for this time period. This includes seven projects, each of which involved an investment of more than one million dollars. The firms that authorized these projects include: Adolph Coors Co.; Morningstar Foods, Inc.; Merck & Co., Inc.; Sysco Food Services of VA, Inc.; Farmers and Merchants Bank.

In April 2004, the County completed work of its "Comprehensive Plan for 2020 and Beyond", which continues to guide the Board of Supervisors in its actions to land use that promotes sustained economic development for the community.

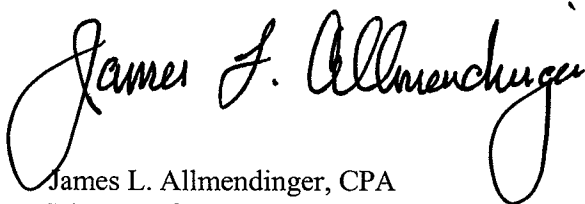
Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Rockingham for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2004. This was the 23rd consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Finance Department expresses its appreciation to County staff that assisted and contributed in the preparation of this report. A special thank you is extended to the Board members and the County Administrator for their continued strong leadership and dedicated pursuit of excellence in financial reporting.

Respectfully submitted,



James L. Allmendinger, CPA
Director of Finance

COUNTY OF ROCKINGHAM, VIRGINIA

Directory of Principal Officials
June 30, 2005

Board of Supervisors

Pablo Cuevas, Chairman
District 1
Michael A. Breeden, Vice-Chairman
District 5

Dee E. Floyd
District 3

William B. Kyger, Jr.
District 4

Charles W. Ahrend
District 2

County Administrator

Joseph S. Paxton

School Board

William Gamble, Chairman
District 4
Dennis Stoneburner, Vice-Chairman
District 2

Matt Lohr
District 1

John Myers
District 3

Dan R. Breeden
District 5

Superintendent of Schools

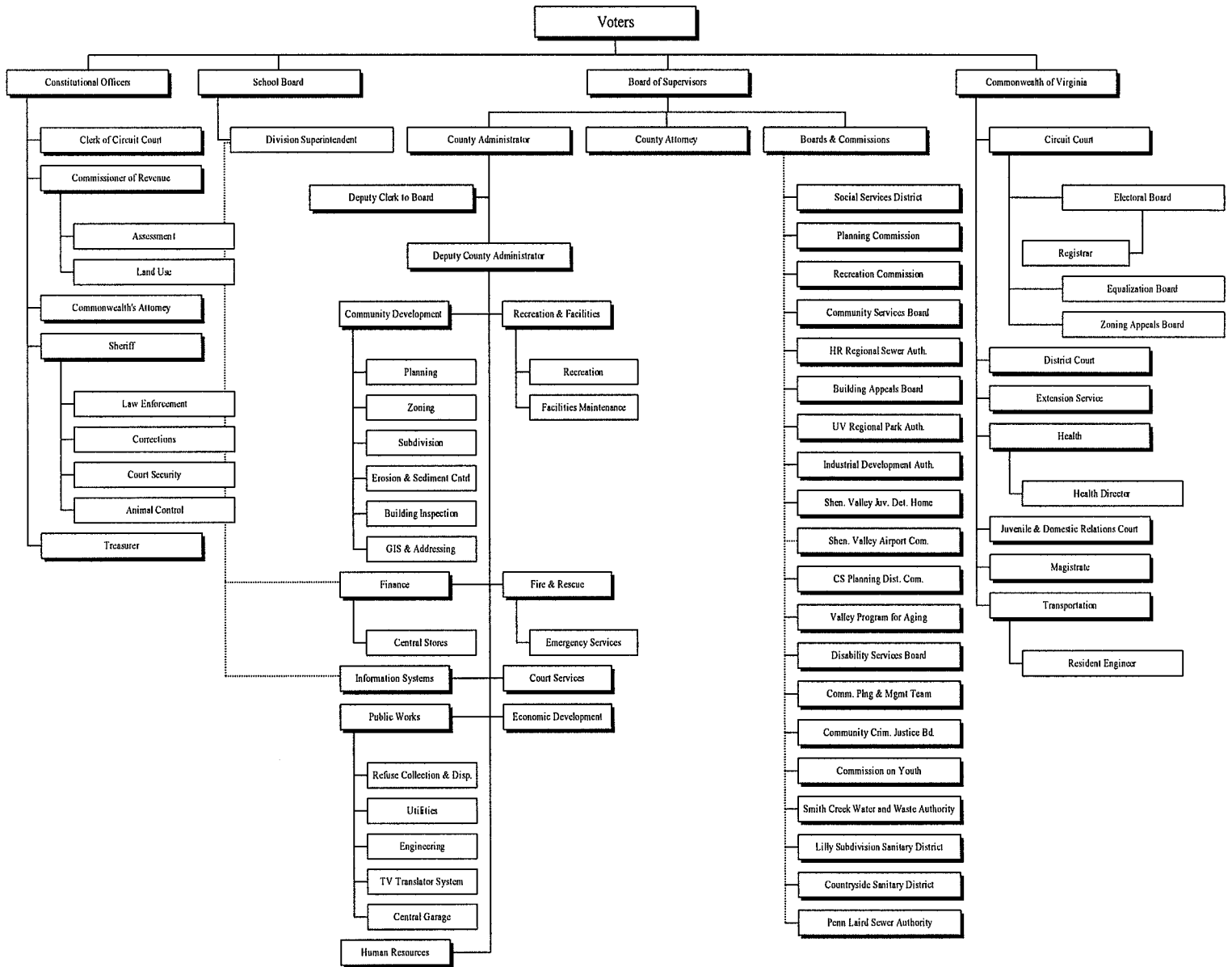
Dr. John H. Kidd

Other Officials

Stephen G. King
G. Chris Brown
Donald D. Driver, Jr.
Richard E. Connellee
Donald W. Farley
L. Todd Garber
Marsha L. Garst
L. Wayne Harper
James L. Allmendinger
Franklin P. O'Byrne
Wendell J. Eberly
Rhonda G. Henderson
Jennifer M. Hoover
Kenneth N. McNett
Stephen N. Riddlebarger
S. Kay Shifflett
Robert A. Symons
William L. Vaughn

Deputy County Administrator
County Attorney
Director of Social Services
Commissioner of the Revenue
Sheriff
Treasurer
Commonwealth Attorney
Clerk of the Circuit Court
Director of Finance
Director of Information Services
Director of Parks and Recreation
Director of Planning
Director of Public Works
Director of Court Services
Director of Human Resources
Registrar
Director of Fire and Rescue
Director of Community Development

COUNTY OF ROCKINGHAM, VIRGINIA
GOVERNMENT ORGANIZATIONAL CHART
 JUNE 30, 2005



Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Rockingham,
Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

To the Honorable Members of the Board of Supervisors
County of Rockingham, Virginia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Rockingham, Virginia, (County) as of and for the year ended June 30, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Rockingham, Virginia, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2005 on our consideration of the County of Rockingham's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis (pages 12 to 28) and the required supplementary information (page 73) are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Rockingham, Virginia's basic financial statements. The combining and individual nonmajor fund financial statements and other schedules, listed in the Table of Contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The accompanying introductory and statistical sections, as listed in the Table of Contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

PBGH, LLP

Harrisonburg, Virginia
September 16, 2005

Management's Discussion and Analysis

As management of the County of Rockingham, Virginia, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2005. We encourage readers to consider the information presented here in conjunction with the letters of transmittal, in the Introductory Section of this report and the County's financial statements following this analysis. **All amounts, unless otherwise indicated, are expressed in thousands of dollars.**

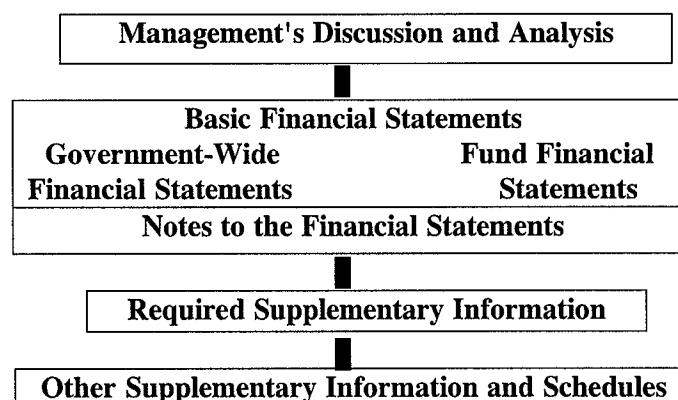
Financial Highlights

- The County's total net assets, excluding component units, increased this fiscal year by \$9,232 to \$31,785 at June 30, 2005. Of this amount, there was \$36,778 invested in the County's capital assets, net of related debt, and a negative \$9,409 in unrestricted funds as a result of recording the debt for the component unit – School Board within the governmental activities. Debt is recorded within the primary government since the County is legally obligated to make payments for this debt; however, the corresponding assets are reported in the component unit – School Board statements since the School Board holds title to the assets.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$36,330, an increase of \$4,541 in comparison with the prior year. Approximately 82 percent of this total amount, \$29,797 is available for spending at the government's discretion (unreserved, undesignated fund balance).
- At the end of the current fiscal year, unreserved, undesignated fund balance for the general fund was \$25,345, or 37 percent of total general fund expenditures, excluding transfers out.
- Net bonded debt was reduced by \$2,942 this fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Components of the Financial Section



Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or declining.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government administration, judicial administration, public safety, public works, health and social services, education, parks, recreation and cultural, and community development. The business-type activities of the County include water and sewer, solid waste, and other proprietary fund operations.

The government-wide financial statements include not only the County itself (known as the *primary government*), but also a legally separate school board and a legally separate social services district for which the County is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 29-31 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the General Capital Projects Fund, both of which are considered to be major funds. Data from the other four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The County adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 32-36 of this report.

Proprietary funds. The County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for its water and sewer activities and for its solid waste operation. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses an internal service fund to account for revenue and expenses associated with providing office supplies to other departments or agencies of the County on a cost-reimbursement basis. Because this service predominantly benefits governmental rather than business-type functions, it has have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer, Smith Creek Water & Waste Authority, and Solid Waste Funds, all of which are considered to be major funds of the County. Conversely, the non-major enterprise funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 37-40 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement can be found on page 41 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 42-72 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 73 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$31,785 at the close of the most recent fiscal year. This is an increase of 41 percent in comparison with the prior year.

By far, the largest portion of the County's net assets, \$36,778, reflects its investment in capital assets (e.g. land, buildings, improvements, machinery and equipment, and construction in progress, net of accumulated depreciation), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to its citizens; consequently, these assets are not readily available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves would not likely be used to liquidate these liabilities.

An additional portion of the County's net assets, \$4,416, represents resources that are subject to external restrictions on how they may be used. There was an increase of \$3,788 in restricted net assets reported in connection with the County's governmental activities. This was mostly due to the new E911 communications system. There was a decrease of \$1,825 in restricted net assets reported in connection with the County's business-type activities. This decrease is the result of unspent debt proceeds in the prior fiscal year being expended this current fiscal year to complete the Route 11 North sewer project.

The unrestricted portion of the County's net assets for the primary government changed from a negative \$13,337 to a negative \$9,409. This negative balance is due to the County financing the necessary capital asset projects of the component unit School Board. Since the County is legally obligated for the retirement of the debt, it is required to record the liability for this financing; however, the capital asset which statutorily is owned by the School Board is recorded with the component unit. Please refer to Note 1(E)(8) of the financial statements for further explanation.

The government's net assets increased by \$9,232 during the current fiscal year. The key factors contributing to this positive outcome was a reduction of \$9,356 in education expenses which was primarily due to \$8,500 in school capital projects last fiscal year, and improved state funding of the school operating costs this fiscal year which reduced the need for local funding.

By far, the largest portion of the component unit School Board's net assets reflects its investment in capital assets (e.g. land, buildings, improvements, machinery and equipment, and construction in progress, net of accumulated depreciation). As explained above and in note 1 (E) (8) of this report, the School Board does not have taxing authority by law and, therefore, cannot incur debt through general obligation bonds for its capital assets.

The restricted portion of the component unit School Board was reduced from \$7,124 to \$23 due to the use of funds restricted for capital projects during the current fiscal year. The deficit balance of \$614 is due mainly to the recording of the liability for compensated absences.

The following table presents the condensed Statements of Net Assets in a comparative format:

County of Rockingham, Virginia
Summary Statement of Net Assets
June 30, 2005 and 2004

	Governmental Activities		Business-type Activities		Total Primary Government	
	2005	2004	2005	2004	2005	2004
Current and other assets	\$ 42,762	\$ 37,108	\$ 4,788	\$ 6,308	\$ 47,550	\$ 43,416
Capital assets, net	26,151	19,958	29,455	25,747	55,606	45,705
Total assets	68,913	57,066	34,243	32,055	103,156	89,121
Other liabilities	4,399	3,756	608	945	5,007	4,701
Noncurrent liabilities	55,884	51,481	10,540	10,527	66,424	62,008
Total liabilities	60,283	55,237	11,148	11,472	71,431	66,709
Net Assets:						
Investment in capital assets, net of related debt	13,858	14,394	22,920	19,043	36,778	33,437
Restricted	4,224	435	192	2,018	4,416	2,453
Unrestricted (deficit)	(9,392)	(13,000)	(17)	(337)	(9,409)	(13,337)
Total net assets	\$ 8,690	\$ 1,829	\$ 23,095	\$ 20,724	\$ 31,785	\$ 22,553

	Component Units			
	School Board		Harrisonburg- Rockingham Social Services District	
	2005	2004	2005	2004
Current and other assets	\$ 13,525	\$ 23,449	\$ 3,199	\$ 2,666
Capital assets, net	78,091	71,482	109	85
Total assets	91,616	94,931	3,308	2,751
Other liabilities	11,422	12,281	1,655	952
Noncurrent liabilities	2,694	2,705	248	233
Total liabilities	14,116	14,986	1,903	1,185
Net Assets:				
Investment in capital assets, net of related debt	78,091	71,482	109	85
Restricted	23	7,124	-	-
Unrestricted (deficit)	(614)	1,339	1,296	1,481
Total net assets	\$ 77,500	\$ 79,945	\$ 1,405	\$ 1,566

County of Rockingham, Virginia
Summary of Changes in Net Assets
For the Fiscal Years Ended June 30, 2005 and 2004

	Governmental Activities		Business-type Activities		Total Primary Government	
	2005	2004	2005	2004	2005	2004
Revenues:						
Program revenues:						
Charges for services	\$ 5,529	\$ 5,331	\$ 6,552	\$ 5,615	\$ 12,081	\$ 10,946
Operating grants and contributions	8,780	8,542	39	17	8,819	8,559
Capital grants and contributions	779	259	-	-	779	259
General revenues:						
General property taxes	44,311	43,257	-	-	44,311	43,257
Other local taxes	8,900	7,875	-	-	8,900	7,875
Intergovernmental non-categorical aid	6,027	6,316	-	-	6,027	6,316
Use of money and property	989	573	124	79	1,113	652
Miscellaneous	708	174	278	333	986	507
Total revenues	76,023	72,327	6,993	6,044	83,016	78,371
Expenses:						
General government administration	4,332	3,951	-	-	4,332	3,951
Judicial administration	2,690	2,595	-	-	2,690	2,595
Public safety	15,626	13,950	-	-	15,626	13,950
Public works	1,879	1,760	5,372	6,143	7,251	7,903
Health and social services	3,328	3,008	-	-	3,328	3,008
Education	33,315	42,671	-	-	33,315	42,671
Parks, recreation and cultural	2,174	1,632	-	-	2,174	1,632
Community development	2,618	2,222	-	-	2,618	2,222
Interest	2,450	2,381	-	-	2,450	2,381
Total expenses	68,412	74,170	5,372	6,143	73,784	80,313
Changes in net assets before transfers	7,611	(1,843)	1,621	(99)	9,232	(1,942)
Transfers	(750)	(811)	750	811	-	-
Change in net assets	6,861	(2,654)	2,371	712	9,232	(1,942)
Net assets, beginning as restated	1,829	4,483	20,724	20,012	22,553	24,495
Net assets, ending	\$ 8,690	\$ 1,829	\$ 23,095	\$ 20,724	\$ 31,785	\$ 22,553

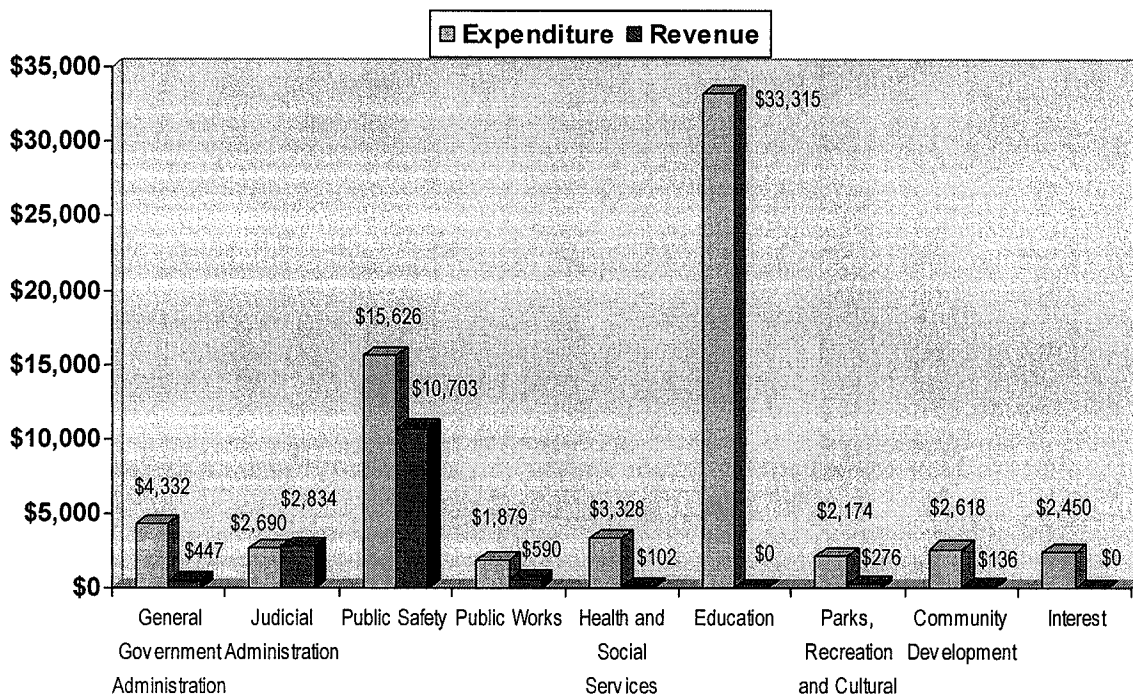
County of Rockingham, Virginia
Summary of Changes in Net Assets (Continued)
For the Fiscal Years Ended June 30, 2005 and 2004

	Component Units			
	School Board		Harrisonburg-Rockingham Social Services District	
	2005	2004	2005	2004
Revenues:				
Program revenues:				
Charges for services	\$ 4,278	\$ 3,909	\$ -	\$ -
Operating grants and contributions	58,008	51,934	10,450	9,551
Capital grants and contributions	1,080	1,035	-	-
General revenues:				
General property taxes	-	-	-	-
Other local taxes	-	-	-	-
Grants and contributions not restricted to specific programs	33,315	42,671	3,929	3,543
Intergovernmental non-categorical aid	130	127	-	-
Use of money and property	128	64	36	17
Miscellaneous	4,014	3,494	209	160
Total revenues	100,953	103,234	14,624	13,271
Expenses:				
General government administration	-	-	-	-
Judicial administration	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and social services	-	-	14,785	12,946
Education	103,398	95,286	-	-
Parks, recreation and cultural	-	-	-	-
Community development	-	-	-	-
Interest	-	-	-	-
Total expenses	103,398	95,286	14,785	12,946
Change in net assets before transfers	(2,445)	7,948	(161)	325
Transfers	-	-	-	-
Change in net assets	(2,445)	7,948	(161)	325
Net assets, beginning, as restated	79,945	71,997	1,566	1,241
Net assets, ending	\$ 77,500	\$ 79,945	\$ 1,405	\$ 1,566

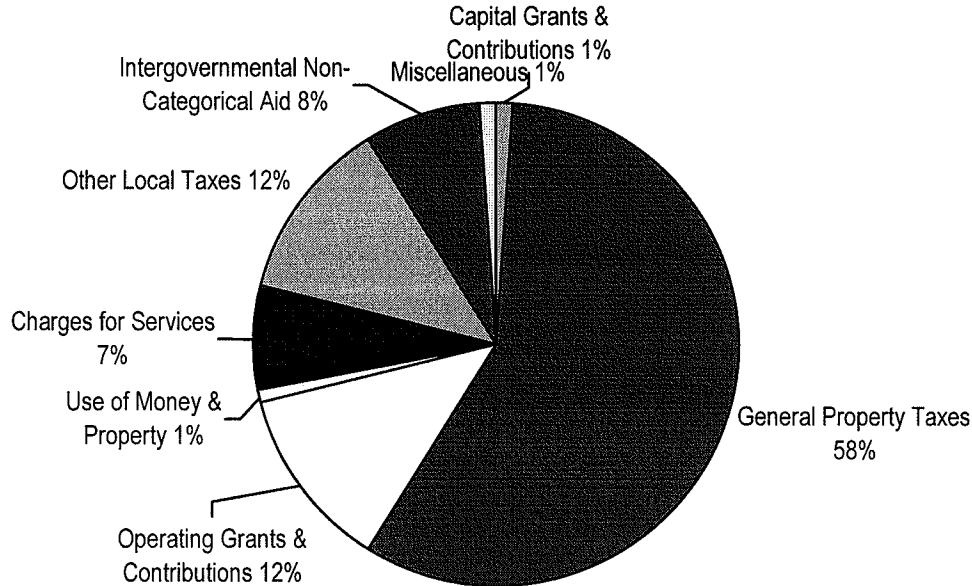
Governmental activities. Governmental activities increased the County's net assets by \$6,861, thereby accounting for 74 percent of the total growth in the net assets of the County. Key elements of this increase are as follows:

- Capital grants and contributions increased \$520 (201 percent) during the year. This increase is from the City of Harrisonburg's contribution to the District Courts building renovation.
- General property taxes increased \$1,054 (2 percent) during the year. This is due to a continued commercial and residential building growth. Real property taxes and machinery and tools taxes contributed to most of this increase.
- Other local taxes increased \$1,025 (13 percent) during the year. This was primarily fueled by a rebound of the economy resulting in more local sales and use taxes; as well as taxes on recordation and wills.

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. Certain noteworthy exceptions were as follows:

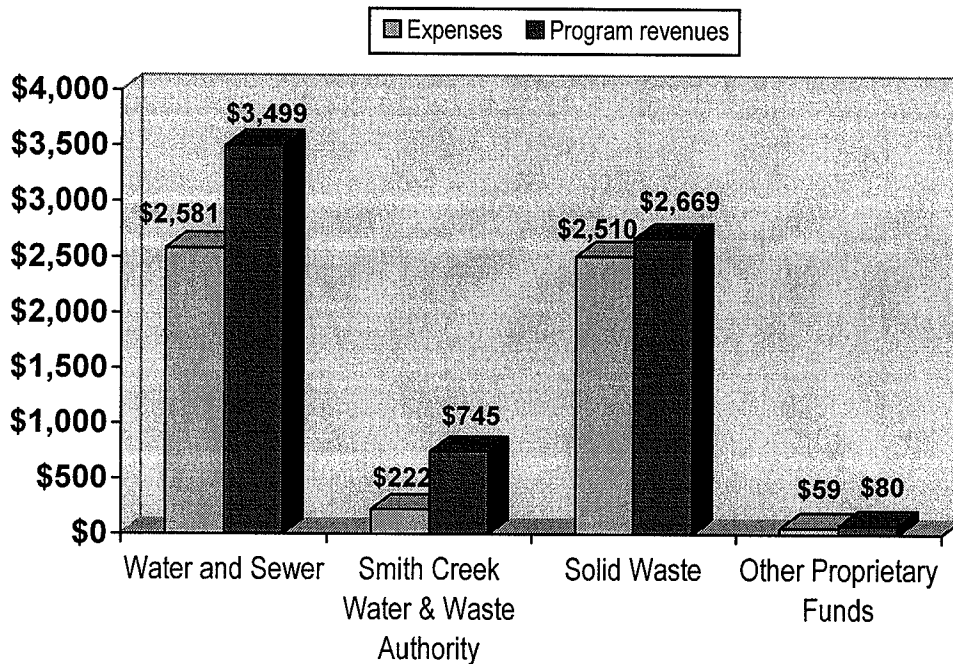
- Public safety increased \$1,676 (12%) during the year. \$500 was for assisting the Rockingham-Harrisonburg SPCA with the construction of their new animal shelter. Additional staffing and the higher, cost of benefits resulted in most of the remaining increase.
- Education decreased \$9,356 (22 percent) during the year. As explained earlier, this reduction was primarily due to \$8,500 in school capital projects last fiscal year. In addition, the County's appropriation to the Rockingham County School Board was able to be less due to the improved state funding of the school operating costs this fiscal year.
- Parks, recreation, and cultural increased \$542 (33 percent) during the year. Costs increased this fiscal year due to more athletic events and programs, higher maintenance costs due to more facilities, and an increased contribution to the regional library.

Business-type activities. Business-type activities increased the County's net assets by \$2,371, accounting for 26 percent of the total growth in the government's net assets. Key elements of this increase are as follows:

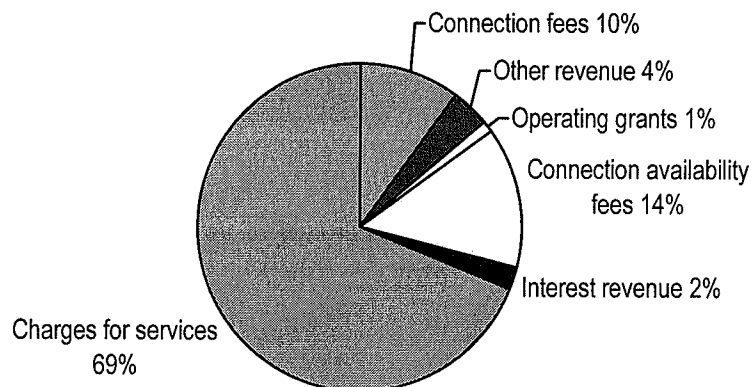
- Charges for services for business-type activities increased by \$937 (17 percent) during the year. Key factors for this change were:
 - 1) \$592 in connection fees from Smith Creek Water & Waste Authority.
 - 2) \$401 more revenue in connection availability fees from the Water and Sewer Fund.
 - 3) \$255 higher revenue for the Water and Sewer Fund due to more usage and a rate increase.
 - 4) A decrease of \$417 in the Solid Waste Fund due to the City of Harrisonburg having their incinerator on-line for this entire fiscal year resulting in less waste taken to the landfill.

- Expenses for business-type activities decreased by \$771 (13 percent) during the year. Key factors for this change were:
 - 1) Contractual service for the Solid Waste Fund declined due to landfill closure costs being reduced from \$717 last fiscal year to \$292 this fiscal year.
 - 2) Depreciation and amortization for the Solid Waste Fund decreased from \$1,326 last fiscal year to \$606 this fiscal year.

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



Component Unit – School Board. The School Board reflected three areas with significant change from the prior year. The increase in operating grants and contributions is due almost exclusively to increased funding from the Commonwealth of Virginia and an increase of \$1,544 in local sales tax receipts. In the prior year, \$8,500 was contributed to the School Board from the primary government through the issuance of debt by the primary government. This did not occur in the current year, resulting in the decrease recorded as grants and contributions not restricted to specific programs. The third area of significant change was in the expense category. In order for the County to maintain competitive wages and benefits, a substantial increase in salaries and benefits was approved at the beginning of this fiscal year. This, along with additional personnel over the prior year, accounts for the major portion of the increase in education.

Financial Analysis of the Government's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$36,330, an increase of \$4,541 in comparison with the prior year. Approximately 82 percent of this total amount (\$29,797) constitutes *unreserved, undesignated fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved or designated* to indicate that it is not available for new spending because it has already been committed 1) for an advance to other funds (\$1,125), 2) for the new E911 communications system (\$3,853), 3) for designated capital projects (\$1,228), or 4) for a variety of other restricted purposes (\$392).

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved, undesignated fund balance of the General Fund was \$25,345, while total fund balance reached \$27,655. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 37 percent of total General Fund expenditures, while total fund balance represents 40 percent of that same amount.

The fund balance of the County's General Fund increased by \$495 during the current fiscal year. Key factors influencing this result are as follows:

- General property taxes increased \$767 over the prior fiscal year. The largest components of this increase were real property taxes by \$611 and machinery and tools taxes by \$348. The increase in the real estate taxes is due to industrial construction at several plants and the residential real estate market continuing to show strength. The increase in the machinery and tools tax reflects the increase in value from strong local investment within the business community.
- Other local taxes increased \$876 over the prior fiscal year. The largest components of this increase were local sales and use taxes by \$465 and taxes on recordation and wills by \$394. These revenues are indicators of a steady recovery of the economy and a strong real estate market.
- Miscellaneous revenue increased \$560 over the prior fiscal year. The main reason was the sale of a County office building this fiscal year resulting in \$592 in revenue.
- Public safety expenditures increased \$1,957 over the prior fiscal year. Fire and rescue services increased by \$503 due to additional personnel and higher operating costs. Animal control increased by \$509 primarily due to the \$500 provided to assist the Rockingham-Harrisonburg SPCA with the construction of their new animal shelter. The sheriff increased \$434 due to additional personnel and higher operating costs. The County-operated correction and detention center increased \$388 due to additional personnel and higher operating costs.
- Education expenditures decreased \$9,356 over the prior fiscal year. This was primarily due to \$8,500 in school capital projects last fiscal year and improved state funding of the school operating costs this fiscal year.
- Transfers out decreased \$2,888 from the prior fiscal year. The largest component of this decrease was the transfer to the General Capital Projects Fund of \$6,575 last fiscal year compared to \$3,936 this fiscal year.

The General Capital Projects Fund has a total fund balance of \$4,451, all of which is unreserved and undesignated. The County had capital outlays of \$4,421 during the current fiscal year which were mainly funded by 1) a transfer of \$3,936 from the General Fund and 2) revenues from recovered costs of \$779.

The other governmental funds column includes the E911 Fund which had noteworthy activity this fiscal year. The E911 Fund received \$7,150 in proceeds from indebtedness for the new emergency communications system. Public safety expenditures increased from \$912 to \$3,973, of which \$3,117 were infrastructure expenditures for this new system this fiscal year.

Proprietary funds. The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Net assets of these funds increased \$2,371 this fiscal year to \$23,095. The largest portion of these net assets, \$22,920, continues to reflect the County's investment in capital assets. The unrestricted net assets of the proprietary funds changed from a deficit of \$337 last fiscal year to a deficit \$17 this fiscal year.

Other factors concerning the finances of these funds have already been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

During the year there was a \$4,863 increase in appropriations between the original and final amended budget. Following are the main components of the increase:

- \$500 supplemental appropriation to the Rockingham-Harrisonburg Society for the Prevention of Cruelty to Animals for construction of their new animal shelter facility.
- \$290 supplemental appropriation to Fire and Rescue Department for a State Homeland Security grant to provide domestic preparedness equipment.
- \$2,000 supplemental appropriation and transfer of funds to the General Capital Projects Fund for the construction of the new School Administration Building.
- \$700 supplemental appropriation and transfer of funds to the Water and Sewer Fund for construction of the Grassy Creek water tank.
- \$337 supplemental appropriation to the Clerk of the Circuit Court to carry-over funds from the prior year for reformatting ended chancery cases from paper to digital.
- \$165 supplemental appropriation to the Sheriff's Department for additional personnel and fuel costs.
- \$104 supplemental appropriation for interim financing costs to renovate Elkton Middle and Montevideo Middle Schools.
- \$149 supplemental appropriation and transfer to Harrisonburg-Rockingham Social Services District for Comprehensive Services Act additional expenses.

The increase in appropriations was possible because of additional anticipated revenues and the reduction of other expenditures.

Capital Asset and Debt Administration

Capital assets. The County's investment in capital assets for its governmental and business-type activities as of December 31, 2005, amounts to \$55,606 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements, and machinery and equipment. The total increase in the County's investment in capital assets for the current fiscal year was 22 percent (a 31 percent increase for governmental activities and a 14 percent increase for business-type activities).

Major capital asset events during the current fiscal year included the following:

- Construction began on the Technology & Industrial Park; construction in progress as of the close of the fiscal year was \$1,100.
- Construction began on the School Administration Building; construction in progress as of the close of the fiscal year was \$695.
- Construction continued on the build-out of the second floor and renovation of the first floor of the District Courts building; current fiscal year additions totaled \$856.
- The E911 communications system upgrade began this fiscal year; construction in progress as of the close of the fiscal year was \$3,254.
- Construction began on the Spotswood High School waterline extension and storage tank; construction in progress as of the close of the fiscal year was \$1,380.
- Construction began on the Lakewood sewer line; construction in progress as of the close of the fiscal year was \$985.

County of Rockingham, Virginia
Summary Statement of Capital Assets
As of June 30, 2005 and 2004

	Governmental Activities		Business-type Activities		Total Primary Government	
	2005	2004	2005	2004	2005	2004
Non-Depreciable Assets:						
Land	\$ 3,199	\$ 3,199	\$ 610	\$ 605	\$ 3,809	\$ 3,804
Construction in progress	7,422	1,597	3,840	4,797	11,262	6,394
Depreciable Capital Assets:						
Buildings	20,024	19,716	85	84	20,109	19,800
Improvements	2,269	1,648	34,425	28,783	36,694	30,431
Machinery and equipment	5,857	5,501	3,572	3,429	9,429	8,930
Accumulated depreciation	(12,620)	(11,703)	(13,077)	(11,951)	(25,697)	(23,654)
Total	\$ 26,151	\$ 19,958	\$ 29,455	\$ 25,747	\$ 55,606	\$ 45,705

Major capital events of the component unit School Board during the current fiscal year include the following:

- Elkton and Montevideo Middle Schools expansion and renovation in progress, totaling \$9,563.
- School buses and other vehicles totaled \$717.

County of Rockingham, Virginia
Summary Statement of Capital Assets (Continued)
As of June 30, 2005 and 2004

	Component Units			
	School Board		Harrisonburg-Rockingham Social Services District	
	2005	2004	2005	2004
Non-Depreciable Assets:				
Land	\$ 2,972	\$ 2,972	\$ -	\$ -
Construction in progress	13,310	3,712	-	-
Depreciable Capital Assets:				
Buildings	100,947	101,072	-	-
Improvements	8,412	8,399	3	3
Machinery and equipment	21,328	20,455	338	275
Accumulated depreciation	(68,878)	(65,128)	(232)	(193)
Total	\$ 78,091	\$ 71,482	\$ 109	\$ 85

Long-term obligations. At the end of the current fiscal year, the County had total bonded debt outstanding of \$33,686. All bonded debt issued by the County is for educational purposes, primarily for the construction of school facilities.

County of Rockingham, Virginia
Summary Statement of Long-Term Obligations
As of June 30, 2005 and 2004

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
General obligation bonds	\$ 32,538	\$ 35,250	\$ -	\$ -	\$ 32,538	\$ 35,250
Literary fund loans	1,148	1,378	-	-	1,148	1,378
Lease revenue note payable	8,500	8,500	-	-	8,500	8,500
Capital leases	12,293	5,564	-	-	12,293	5,564
Unamortized premium	299	315	25	26	324	341
Revenue bonds	-	-	6,511	6,679	6,511	6,679
Landfill obligation	-	-	3,889	3,755	3,889	3,755
Compensated absences	1,106	1,059	115	130	1,221	1,189
Total	\$ 55,884	\$ 52,066	\$ 10,540	\$ 10,590	\$ 66,424	\$ 62,656

The County's latest bond rating by Moody's Investor Services, Inc. for general obligation bonds is "A+".

Article VII, Section 10(b), Constitution of Virginia, stipulates that no debt shall be contracted by or on behalf of any county or district thereof unless approved by an affirmative vote of a majority of the qualified voters of the County. No referendum was called to issue general obligation debt in the 2005 fiscal year.

The ratio of net bonded debt to assessed valuation and the amount of bonded debt per capita are useful indicators of the County's debt position to management, citizens, and investors. Data for the County at the end of the 2005 fiscal year is as follows:

Estimated Population	Assessed Valuation of All Taxable Property	Net Bonded Debt	Ratio of Debt to Assessed Valuation	Net Bonded Debt per Capita
70,400	\$ 5,197,647	\$ 33,686,000	0.0065	\$ 478

More detailed information about the County's long-term obligations is presented in Note 6 of the financial statements.

Economic factors and next year's budget and rates

- The unemployment rate for the County is currently 2.7 percent, which is an increase from a rate of 2.6 percent a year ago. This however compares favorably to the state's average unemployment rate of 3.5 percent and the national average of 4.8 percent.
- The steady recovery of the economy and the actions of the 2004 Virginia General Assembly have resulted in more predictable levels of state funding levels, and have made the projection of revenues for fiscal year 2006 less difficult than the previous two years. Estimates continue to have been projected conservatively to be responsible to the County's citizens in funding planned levels of service for next year.
- Federal revenues are primarily from grant sources, and with the federal fiscal year not beginning until October 1, it is difficult to know which grants will be approved. However, it is important to point out that those expenditures that are dependent on federal or state grants will not be incurred until the grant is approved and the County has assurances that it will receive those funds.

All of these factors were considered in preparing the County's budget for the 2006 fiscal year.

During the current fiscal year, unreserved, undesignated fund balance in the General Fund increased to \$25,345. The County has appropriated \$10,610 of this amount for spending in the 2006 fiscal year budget. It is intended that this use of available fund balance to offset one-time expenditures will avoid the need to raise taxes or charges during the 2006 fiscal year, while providing needed services and maintaining the quality of life for County residents.

Revenues in the Water and Sewer Fund were budgeted to increase as the result of a projected increase in connection fees effective January 1, 2006. Likewise, sewer monthly fees were budgeted to increase resulting from a 20 percent increase in the rate for fiscal year 2006 to fund capital costs to meet proposed nutrient reduction requirements at the wastewater treatment plants.

The E911 Fund was budgeted to increase resulting from an increase in the 911 fee from \$1.50 to \$3.00 per telephone line for fiscal year 2006 to offset a portion of the cost of debt service on the new communication system.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, County of Rockingham, PO Box 1252, Harrisonburg, Virginia 22803, telephone (540)564-3010. The County's website address is www.rockinghamcountyva.gov.

BASIC FINANCIAL STATEMENTS

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF NET ASSETS

June 30, 2005

	Primary Government			Component Units	
	Governmental	Business-type	Totals	School	Harrisonburg- Rockingham Social Services
	Activities	Activities		Board	District
ASSETS					
Cash, cash equivalents and temporary cash investments	\$ 31,135,778	\$ 4,638,158	\$ 35,773,936	\$ 9,471,620	\$ 1,722,638
Receivables, net:					
Property taxes	3,059,421	-	3,059,421	-	-
Utility taxes	230,705	-	230,705	-	-
Trade and other accounts	536,576	755,213	1,291,789	465,059	26,940
Note receivable	-	130,110	130,110	-	-
Accrued interest	178,148	28,174	206,322	16,665	8,527
Due from other governments	2,146,320	-	2,146,320	3,330,828	1,440,552
Internal balances	1,025,616	(1,025,616)	-	-	-
Prepaid items	34,196	-	34,196	-	-
Inventory	33,117	44,040	77,157	217,839	-
Restricted cash	4,382,374	192,676	4,575,050	22,976	-
Financing costs, net of accumulated amortization	-	24,924	24,924	-	-
Capital assets, net of accumulated depreciation:					
Land	3,198,581	610,197	3,808,778	2,972,138	-
Buildings	20,024,256	84,613	20,108,869	100,947,469	-
Improvements other than buildings	2,269,053	34,424,619	36,693,672	8,411,931	3,156
Machinery and equipment	5,857,170	3,572,450	9,429,620	21,328,175	337,627
Construction in progress	7,421,644	3,839,951	11,261,595	13,309,615	-
Less: accumulated depreciation	(12,619,511)	(13,076,469)	(25,695,980)	(68,878,127)	(231,589)
Total assets	68,913,444	34,243,040	103,156,484	91,616,188	3,307,851
LIABILITIES					
Accounts payable	1,975,485	337,881	2,313,366	1,019,169	1,322,715
Retainage payable	-	159,521	159,521	570,265	-
Accrued payroll	569,872	61,532	631,404	9,391,890	121,741
Accrued liabilities - VDOT	335,000	-	335,000	-	-
Accrued interest	827,450	48,179	875,629	-	-
Unearned revenue	631,707	-	631,707	-	210,938
Due to other government	-	-	-	441,040	-
Noncurrent liabilities					
Due within one year	12,889,300	3,371,207	16,260,507	1,447,246	141,060
Due in more than one year	42,994,869	7,169,136	50,164,005	1,246,624	106,870
Total liabilities	60,223,683	11,147,456	71,371,139	14,116,234	1,903,324
NET ASSETS					
Invested in capital assets, net of related debt	13,858,239	22,919,503	36,777,742	78,091,201	109,194
Restricted:					
Nonexpendable trust	11,143	-	11,143	-	-
Expendable:					
Park maintenance	8,060	-	8,060	-	-
E911	3,852,599	-	3,852,599	-	-
Law enforcement	67,846	-	67,846	-	-
Debt service	283,802	-	283,802	-	-
Unspent debt proceeds	-	192,676	192,676	22,976	-
Unrestricted (deficit)	(9,391,928)	(16,595)	(9,408,523)	(614,223)	1,295,333
Total net assets	\$ 8,689,761	\$ 23,095,584	\$ 31,785,345	\$ 77,499,954	\$ 1,404,527

See Notes to Financial Statements.

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF ACTIVITIES

Year Ended June 30, 2005

Net (Expense) Revenue and Changes in Net Assets									
Functions/Programs	Program Revenues					Component Units			
	Expenses	Charges for Services	Operating		Capital	Primary Government			Harrisonburg-Rockingham Social Services District
			Grants and Contributions	Grants and Contributions		Governmental Activities	Business-type Activities	School Board	
Primary Government:									
Governmental activities:									
General government administration	\$ 4,331,629	\$ 6,145	\$ 440,535	\$ -	\$ -	\$ (3,884,949)	\$ -	\$ -	\$ -
Judicial administration	2,690,201	1,206,212	1,627,479	-	-	143,490	-	-	-
Public safety	15,625,806	3,440,187	6,483,737	778,954	-	(4,922,928)	-	-	-
Public works	1,878,903	590,386	-	-	-	(1,288,517)	-	-	-
Health and social services	3,327,684	2,429	99,123	-	-	(3,226,132)	-	-	-
Education	33,315,177	-	-	-	-	(33,315,177)	-	-	-
Parks, recreation and cultural	2,174,207	276,009	-	-	-	(1,898,198)	-	-	-
Community development	2,618,587	7,150	129,303	-	-	(2,482,134)	-	-	-
Interest	2,449,883	-	-	-	-	(2,449,883)	-	-	-
Total governmental activities	68,412,077	5,528,518	8,780,177	778,954	-	(53,324,428)	-	-	-
Business-type activities:									
Water and sewer	2,862,348	4,163,147	22,701	-	-	-	1,323,500	-	-
Solid waste	2,509,976	2,388,453	16,825	-	-	-	(104,698)	-	-
Total business-type activities	5,372,324	6,551,600	39,526	-	-	-	1,218,802	-	-
Total primary government	\$ 73,784,401	\$ 12,080,118	\$ 8,819,703	\$ 778,954	-	(53,324,428)	1,218,802	-	-
Component Units:									
Rockingham County School Board:									
Education:									
Instruction	\$ 82,963,375	\$ 2,103,941	\$ 56,110,743	\$ 1,079,671	-	-	-	(23,669,020)	-
Administration, attendance and health	3,207,704	-	-	-	-	-	-	(3,207,704)	-
Pupil transportation services	5,790,881	-	-	-	-	-	-	(5,790,881)	-
Operation and maintenance services	7,445,756	-	-	-	-	-	-	(7,445,756)	-
School food services	3,989,993	2,173,871	1,896,938	-	-	-	-	80,816	-
Total school board	103,397,709	4,277,812	58,007,681	1,079,671	-	-	-	(40,032,545)	-

Harrisonburg-Rockingham Social Services District:									
Social Services:									
Public assistance	4,124,818	-	2,305,594	-	-	-	-	-	(1,819,224)
Comprehensive services	6,362,925	-	3,639,558	-	-	-	-	-	(2,723,367)
Administration:									
Welfare	4,042,064	-	4,504,743	-	-	-	-	-	462,679
Food stamp	237,799	-	-	-	-	-	-	-	(237,799)
Fuel assistance	17,430	-	-	-	-	-	-	-	(17,430)
Total social services district	14,785,036	-	10,449,895	-	-	-	-	-	(4,335,141)
Total component units	\$ 118,182,745	\$ 4,277,812	\$ 68,457,576	\$ 1,079,671	-	-	-	(40,032,545)	(4,335,141)
General Revenues:									
Taxes:									
General property taxes					44,310,735	-	44,310,735	-	-
Other local taxes:									
Local sales and use					4,173,990	-	4,173,990	-	-
Consumer utility					1,552,430	-	1,552,430	-	-
Motor vehicle licenses					1,158,694	-	1,158,694	-	-
Other					2,014,632	-	2,014,632	-	-
Grants and contributions not restricted to specific programs					-	-	-	33,315,177	3,928,685
Intergovernmental, non-categorical aid					6,027,401	-	6,027,401	130,361	-
Use of money and property					988,875	124,469	1,113,344	127,926	36,235
Miscellaneous					116,108	278,209	394,317	4,013,541	208,888
Gain on sale of capital assets					592,234	-	592,234	-	-
Transfers					(750,000)	750,000	-	-	-
Total general revenues and transfers	60,185,099	1,152,678	61,337,777	37,587,005	4,173,808	(2,445,540)	79,945,494	1,565,860	\$ 77,499,954
Change in net assets	6,860,671	2,371,480	9,232,151	(2,445,540)	(161,333)	79,945,494	1,565,860	\$ 77,499,954	\$ 1,404,527
Net assets, beginning, as restated	1,829,090	20,724,104	22,553,194						
Net assets, ending	\$ 8,689,761	\$ 23,095,584	\$ 31,785,345						

See Notes to Financial Statements.

COUNTY OF ROCKINGHAM, VIRGINIA

BALANCE SHEET GOVERNMENTAL FUNDS June 30, 2005

	General	General Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 24,774,938	\$ 6,070,175	\$ 282,546	\$ 31,127,659
Receivables, net:				
Property taxes	3,059,421	-	-	3,059,421
Utility taxes	230,705	-	-	230,705
Trade and other accounts	283,136	192,581	56,680	532,397
Accrued interest	141,632	25,410	11,106	178,148
Due from other governments	2,145,888	-	432	2,146,320
Prepaid items	34,196	-	-	34,196
Inventory	21,796	-	-	21,796
Advance to other funds	1,025,616	-	-	1,025,616
Restricted cash	-	-	4,382,374	4,382,374
Total assets	\$ 31,717,328	\$ 6,288,166	\$ 4,733,138	\$ 42,738,632
LIABILITIES				
Accounts payable	\$ 272,789	\$ 1,385,071	\$ 317,431	\$ 1,975,291
Accrued payroll	568,632	-	1,240	569,872
Accrued liabilities - VDOT	-	335,000	-	335,000
Unearned revenue	3,221,274	117,580	190,000	3,528,854
Total liabilities	4,062,695	1,837,651	508,671	6,409,017
FUND BALANCES				
Reserved for:				
Advance to other funds	1,025,616	-	-	1,025,616
Inventory	21,796	-	-	21,796
Prepaid items	34,196	-	-	34,196
Nonexpendable trust principal	-	-	11,143	11,143
Park maintenance	-	-	8,060	8,060
E911	-	-	3,852,599	3,852,599
Law enforcement	-	-	67,846	67,846
Debt service	-	-	283,802	283,802
Unreserved:				
Designated:				
Capital projects	1,227,919	-	-	1,227,919
Undesignated:				
General fund	25,345,106	-	-	25,345,106
Capital projects funds	-	4,450,515	1,017	4,451,532
Total fund balances	27,654,633	4,450,515	4,224,467	36,329,615
Total liabilities and fund balances	\$ 31,717,328	\$ 6,288,166	\$ 4,733,138	\$ 42,738,632

COUNTY OF ROCKINGHAM, VIRGINIA

RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS

June 30, 2005

		Governmental Funds
Total fund balances - total governmental funds		\$ 36,329,615
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds.		
Governmental capital assets	\$ 38,770,704	
Less accumulated depreciation	(12,619,511)	
Net capital assets		26,151,193
Deferred revenue represents amounts that were not available to fund current expenditures and therefore is not reported as revenue in the governmental funds.		
		2,897,147
Internal service funds are used by management to charge the costs of goods provided to other departments or funds. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Assets.		
		23,425
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.		
General obligation bonds, including unamortized premiums	(32,836,917)	
Lease revenue note	(8,500,000)	
Literary loans	(1,147,886)	
Capital leases	(12,292,954)	
Compensated absences	(1,106,412)	
Interest payable	(827,450)	
		(56,711,619)
Net assets of governmental activities		\$ 8,689,761

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2005

	General	General Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:				
General property taxes	\$ 44,316,136	\$ -	\$ -	\$ 44,316,136
Other local taxes	8,388,220	-	511,526	8,899,746
Permits, privilege fees and regulatory licenses	1,091,022	-	-	1,091,022
Fines and forfeitures	167,398	-	173,974	341,372
Use of money and property	834,063	89,658	65,550	989,271
Charges for services	2,736,286	-	-	2,736,286
Miscellaneous	110,073	14,700	335	125,108
Recovered costs	1,359,442	778,954	-	2,138,396
Intergovernmental	14,807,578	-	-	14,807,578
Total revenues	73,810,218	883,312	751,385	75,444,915
Expenditures:				
Current:				
General government administration	3,903,904	-	-	3,903,904
Judicial administration	2,401,199	-	-	2,401,199
Public safety	14,590,139	-	3,972,681	18,562,820
Public works	1,856,947	-	-	1,856,947
Health and social services	3,283,105	-	-	3,283,105
Education	33,174,938	140,239	-	33,315,177
Parks, recreation and cultural	1,696,824	-	-	1,696,824
Community development	2,543,545	-	-	2,543,545
Capital outlay	-	4,421,217	-	4,421,217
Debt service:				
Principal	3,363,146	-	-	3,363,146
Interest and fiscal charges	2,426,110	-	137,275	2,563,385
Total expenditures	69,239,857	4,561,456	4,109,956	77,911,269
Revenues over (under) expenditures	4,570,361	(3,678,144)	(3,358,571)	(2,466,354)
Other financing sources (uses):				
Proceeds from indebtedness	-	-	7,150,000	7,150,000
Insurance recoveries	14,970	-	-	14,970
Sale of capital assets	592,234	-	-	592,234
Transfers in	3,188	3,936,000	-	3,939,188
Transfers out	(4,686,000)	-	(3,188)	(4,689,188)
Total other financing sources (uses), net	(4,075,608)	3,936,000	7,146,812	7,007,204
Net change in fund balances	494,753	257,856	3,788,241	4,540,850
Fund balance, beginning	27,159,880	4,192,659	436,226	31,788,765
Fund balance, ending	\$ 27,654,633	\$ 4,450,515	\$ 4,224,467	\$ 36,329,615

See Notes to Financial Statements.

COUNTY OF ROCKINGHAM, VIRGINIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2005

	Governmental Funds	
Net change in fund balances - total governmental funds	\$	4,540,850
Reconciliation of amounts reported for governmental activities in the Statement of Activities:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Expenditure for capital assets	\$	7,365,247
Less depreciation expense		(1,163,636)
Excess of capital outlays over depreciation		6,201,611
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) is to decrease net assets.		(8,224)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Change in deferred revenue		(153,116)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.		
Debt issued or incurred:		
Capital lease financing		(7,150,000)
Principal repayments:		
General obligation debt		3,363,146
		(3,786,854)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Accrued interest		97,773
Compensated absences		(47,134)
Amortization of premium		15,729
		66,368
Internal service funds are used by management to charge the costs of certain activities, such as central purchasing, to individual funds. The net revenue of the internal service fund is reported with governmental activities.		
Total revenues		35,537
Total expenses		(35,501)
		36
Change in net assets of governmental activities	\$	6,860,671

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2005

	General Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final	Amounts	
Revenues:				
General property taxes	\$ 43,675,000	\$ 43,675,000	\$ 44,316,136	\$ 641,136
Other local taxes	7,068,000	7,068,000	8,388,220	1,320,220
Permits, privilege fees and regulatory licenses	1,029,300	1,044,300	1,091,022	46,722
Fines and forfeitures	191,500	191,500	167,398	(24,102)
Use of money and property	630,203	630,203	834,063	203,860
Charges for services	2,181,218	2,316,218	2,736,286	420,068
Miscellaneous	69,000	73,000	110,073	37,073
Recovered costs	1,803,611	1,846,798	1,359,442	(487,356)
Intergovernmental	14,902,960	15,243,730	14,807,578	(436,152)
Total revenues	71,550,792	72,088,749	73,810,218	1,721,469
Expenditures:				
Current:				
General government administration	4,191,239	4,227,776	3,903,904	(323,872)
Judicial administration	2,606,998	2,968,761	2,401,199	(567,562)
Public safety	13,555,816	14,891,259	14,590,139	(301,120)
Public works	1,739,640	1,897,192	1,856,947	(40,245)
Health and social services	3,103,077	3,346,234	3,283,105	(63,129)
Education	35,219,411	35,219,411	33,174,938	(2,044,473)
Parks, recreation and cultural	1,671,717	1,705,446	1,696,824	(8,622)
Community development	3,302,114	3,142,888	2,543,545	(599,343)
Debt service:				
Principal	3,363,145	3,363,145	3,363,146	1
Interest and fiscal charges	2,325,598	2,429,598	2,426,110	(3,488)
Total expenditures	71,078,755	73,191,710	69,239,857	(3,951,853)
Revenues over (under) expenditures	472,037	(1,102,961)	4,570,361	5,673,322
Other financing sources (uses):				
Insurance recoveries	-	13,610	14,970	1,360
Sale of capital assets	-	-	592,234	592,234
Transfers in	-	-	3,188	3,188
Transfers out	(1,936,000)	(4,686,000)	(4,686,000)	-
Total other financing uses, net	(1,936,000)	(4,672,390)	(4,075,608)	596,782
Net change in fund balance	(1,463,963)	(5,775,351)	494,753	6,270,104
Fund balance, beginning	1,463,963	5,775,351	27,159,880	21,384,529
Fund balance, ending	\$ -	\$ -	\$ 27,654,633	\$ 27,654,633

See Notes to Financial Statements.

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF NET ASSETS PROPRIETARY FUNDS June 30, 2005

	Business-Type Activities - Enterprise Funds					Governmental
	Water and Sewer	Smith Creek Water & Waste Authority	Solid Waste	Other Proprietary Funds	Totals	Activity - Internal Service Fund
ASSETS						
Current Assets:						
Cash, cash equivalents and temporary cash investments	\$ 1,395,029	\$ 439,539	\$ 2,765,315	\$ 38,275	\$ 4,638,158	\$ 8,119
Trade and other accounts receivable	290,458	136,864	306,105	21,786	755,213	4,179
Note receivable	43,370	-	-	-	43,370	-
Accrued interest	8,157	2,141	17,729	147	28,174	-
Inventory	44,040	-	-	-	44,040	11,321
Total current assets	1,781,054	578,544	3,089,149	60,208	5,508,955	23,619
Noncurrent Assets:						
Restricted cash	181,302	11,374	-	-	192,676	-
Note receivable	86,740	-	-	-	86,740	-
Financing costs, net of accumulated amortization	15,891	9,033	-	-	24,924	-
Capital assets:						
Land	257,572	-	332,025	20,600	610,197	-
Buildings	12,995	-	62,718	8,900	84,613	-
Improvements other than buildings	18,582,474	6,592,841	9,109,820	139,484	34,424,619	-
Machinery and equipment	670,178	23,108	2,873,694	5,470	3,572,450	-
Construction in progress	3,148,973	-	351,545	339,433	3,839,951	-
Less accumulated depreciation	(6,339,347)	(157,933)	(6,538,388)	(40,801)	(13,076,469)	-
Total capital assets (net of accumulated depreciation)	16,332,845	6,458,016	6,191,414	473,086	29,455,361	-
Total noncurrent assets	16,616,778	6,478,423	6,191,414	473,086	29,759,701	-
Total assets	18,397,832	7,056,967	9,280,563	533,294	35,268,656	23,619
LIABILITIES						
Current Liabilities:						
Accounts payable	239,386	2,572	60,899	35,024	337,881	194
Retainage payable	147,079	-	-	12,442	159,521	-
Compensated absences	26,898	-	33,276	-	60,174	-
Accrued payroll	29,344	-	32,188	-	61,532	-
Accrued interest	16,247	28,411	-	3,521	48,179	-
Advance from other funds	695,000	-	-	330,616	1,025,616	-
Revenue bonds	75,000	3,184,701	-	-	3,259,701	-
Landfill obligation	-	-	51,332	-	51,332	-
Total current liabilities	1,228,954	3,215,684	177,695	381,603	5,003,936	194
Noncurrent Liabilities:						
Compensated absences	27,966	-	27,277	-	55,243	-
Revenue bonds	1,444,379	1,831,778	-	-	3,276,157	-
Landfill obligation	-	-	3,837,736	-	3,837,736	-
Total noncurrent liabilities	1,472,345	1,831,778	3,865,013	-	7,169,136	-
Total liabilities	2,701,299	5,047,462	4,042,708	381,603	12,173,072	194
NET ASSETS						
Invested in capital assets, net of related debt	14,813,466	1,441,537	6,191,414	473,086	22,919,503	-
Restricted for unspent debt proceeds	181,302	11,374	-	-	192,676	-
Unrestricted (deficit)	701,765	556,594	(953,559)	(321,395)	(16,595)	23,425
Total net assets	\$ 15,696,533	\$ 2,009,505	\$ 5,237,855	\$ 151,691	\$ 23,095,584	\$ 23,425

See Notes to Financial Statements.

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
Year Ended June 30, 2005

	Business-type Activities - Enterprise Funds					Governmental Activity - Internal Service Fund
	Water and Sewer	Smith Creek Water & Waste Authority	Solid Waste	Other Proprietary Funds	Totals	
Operating revenues:						
Charges for services	\$ 2,285,785	\$ 145,598	\$ 2,388,453	\$ 39,304	\$ 4,859,140	\$ 35,537
Connection fees	108,045	592,085	-	19,925	720,055	-
Other revenue	87,316	-	190,868	25	278,209	-
Total operating revenues	2,481,146	737,683	2,579,321	59,254	5,857,404	35,537
Operating expenses:						
Personal services	653,235	-	744,725	-	1,397,960	-
Fringe benefits	250,556	-	306,062	-	556,618	-
Contractual services	90,079	26,180	292,467	14,627	423,353	-
Regional Sewer Authority assessment for debt service	39,492	-	-	-	39,492	-
Electrical services	249,568	-	20,203	4,241	274,012	-
Water and sewer services	4,757	-	30	20	4,807	-
Repairs and maintenance	32,376	-	228,227	546	261,149	-
Internal services	33,343	-	9,105	-	42,448	-
Vehicle parts and supplies	11,112	-	134,568	-	145,680	-
Other charges	614,358	2,555	128,328	33,055	778,296	35,501
Depreciation and amortization	500,661	90,321	605,948	3,073	1,200,003	-
Total operating expenses	2,479,537	119,056	2,469,663	55,562	5,123,818	35,501
Operating income	1,609	618,627	109,658	3,692	733,586	36
Nonoperating revenues (expenses):						
Operating grants	2,701	-	16,825	20,000	39,526	-
Connection availability fees	972,405	-	-	-	972,405	-
Interest revenue	43,128	7,478	72,799	1,064	124,469	-
Interest expense	(91,768)	(103,237)	(40,313)	(3,521)	(238,839)	-
Loss on disposal of equipment	(9,667)	-	-	-	(9,667)	-
Total nonoperating revenues (expenses), net	916,799	(95,759)	49,311	17,543	887,894	-
Income before transfers	918,408	522,868	158,969	21,235	1,621,480	36
Transfers in	700,000	-	-	50,000	750,000	-
Change in net assets	1,618,408	522,868	158,969	71,235	2,371,480	36
Total net assets, beginning, as restated	14,078,125	1,486,637	5,078,886	80,456	20,724,104	23,389
Total net assets, ending	\$ 15,696,533	\$ 2,009,505	\$ 5,237,855	\$ 151,691	\$ 23,095,584	\$ 23,425

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2005

	Business-type Activities - Enterprise Funds					Governmental Activity - Internal Service Fund
	Water and Sewer	Smith Creek Water & Waste Authority	Solid Waste	Other Proprietary Funds	Totals	
Cash Flows From Operating Activities:						
Receipts from customers	\$ 2,347,516	\$ 752,989	\$ 2,367,319	\$ 42,512	\$ 5,510,336	\$ 32,920
Payments to suppliers for goods and services	(369,984)	(383,918)	(573,029)	(37,181)	(1,364,112)	(37,568)
Payments to employees for services	(903,939)	-	(1,065,445)	-	(1,969,384)	-
Internal activity - payments to other funds	(33,343)	-	(9,105)	-	(42,448)	-
Other receipts (payments)	(527,042)	(2,555)	62,540	(2,865)	(469,922)	-
Net cash provided by (used in) operating activities	513,208	366,516	782,280	2,466	1,664,470	(4,648)
Cash Flows From Noncapital and Related Financing Activities:						
Operating grants	2,701	-	16,825	20,000	39,526	-
Cash Flows From Capital and Related Financing Activities:						
Advance from other fund	-	-	-	200,616	200,616	-
Proceeds from issuance of debt	1,519,379	-	-	-	1,519,379	-
Payment of advance from other funds	(50,000)	-	(671,877)	(20,000)	(741,877)	-
Connection availability fees	972,405	-	-	-	972,405	-
Principal paid on bonds	(1,605,662)	(82,217)	-	-	(1,687,879)	-
Interest paid on outstanding debt	(81,195)	(255,749)	(40,313)	-	(377,257)	-
Transfer from other funds for capital purposes	700,000	-	-	50,000	750,000	-
Acquisition and construction of capital assets	(2,762,138)	(873,702)	(827,060)	(293,820)	(4,756,720)	-
Net cash used in capital and related financing activities	(1,307,211)	(1,211,668)	(1,539,250)	(63,204)	(4,121,333)	-
Cash Flows From Investing Activities:						
Receipts from collection of loan	43,370	-	-	-	43,370	-
Interest received on investment securities	38,218	7,458	67,840	999	114,515	-
Net cash provided by investing activities	81,588	7,458	67,840	999	157,885	-
Net decrease in cash and cash equivalents	(709,714)	(837,694)	(672,305)	(39,739)	(2,259,452)	(4,648)
Cash and cash equivalents:						
Beginning	2,286,045	1,288,607	3,437,620	78,014	7,090,286	12,767
Ending	\$ 1,576,331	\$ 450,913	\$ 2,765,315	\$ 38,275	\$ 4,830,834	\$ 8,119
Cash, cash equivalents and temporary cash investments	\$ 1,395,029	\$ 439,539	\$ 2,765,315	\$ 38,275	\$ 4,638,158	\$ 8,119
Restricted cash	181,302	11,374	-	-	192,676	-
	\$ 1,576,331	\$ 450,913	\$ 2,765,315	\$ 38,275	\$ 4,830,834	\$ 8,119

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2005

	Business-type Activities - Enterprise Funds					Governmental
	Water and Sewer	Smith Creek Water & Waste Authority	Solid Waste	Other Proprietary Funds	Totals	Activity - Internal Service Fund
Reconciliation of operating income to net cash provided by (used in) operating activities:						
Operating income	\$ 1,609	\$ 618,627	\$ 109,658	\$ 3,692	\$ 733,586	\$ 36
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:						
Depreciation and amortization	500,661	90,321	605,948	3,073	1,200,003	-
Change in assets and liabilities:						
(Increase) decrease in:						
Accounts receivable	(46,314)	15,306	(21,134)	(16,717)	(68,859)	(2,617)
Inventory	(23,200)	-	-	-	(23,200)	(2,207)
Increase (decrease) in:						
Accounts payable	(43,935)	(357,738)	(35,372)	12,418	(424,627)	140
Accrued liabilities	124,387	-	(10,606)	-	113,781	-
Landfill obligation	-	-	133,786	-	133,786	-
Net cash provided by (used in) operating activities	\$ 513,208	\$ 366,516	\$ 782,280	\$ 2,466	\$ 1,664,470	\$ (4,648)
Schedule of Noncash Capital and Related Financing Activities:						
Capital assets acquired through incurrence of accounts payable	\$ 127,433	\$ -	\$ -	\$ 32,102	\$ 159,535	\$ -

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

June 30, 2005

	Agency Funds
ASSETS	
Cash, cash equivalents and temporary cash investments	\$ 1,837,952
Accounts receivable	<u>122,122</u>
Total assets	<u>1,960,074</u>
LIABILITIES	
Accounts payable	<u>1,960,074</u>
Total liabilities	<u>\$ 1,960,074</u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies

The financial statements of the County of Rockingham, Virginia, conform with accounting principles generally accepted in the United States of America as applied to government units promulgated by the Governmental Accounting Standards Board (GASB). The more significant of the government's accounting policies are described below.

A. Reporting Entity

The County of Rockingham was created by an act of the General Assembly of Virginia in 1778, and provides a wide range of municipal services contemplated by statute or charter. As required by accounting principles generally accepted in the United States of America, these financial statements present the County (primary government) and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government. Each blended and discretely presented component unit has a June 30 year end.

Blended Component Units. The Lilly Subdivision Sanitary District, the Smith Creek Water & Waste Authority, the Penn Laird Sewer Authority, and the Countryside Sanitary District serve the citizens of the primary government that are in their respective districts and authority and are governed by a board comprised of the primary government's Board of Supervisors. The districts and authorities are reported as enterprise funds.

Discretely Presented Component Units:

School Board

The School Board is responsible for elementary and secondary education within the government's jurisdiction and is elected by the voters of Rockingham County. The School Board is fiscally dependent upon the government because the government's Board of Supervisors approves the School Board's budget, levies taxes and must approve any debt issuances of the School Board. The School Board is presented as a governmental fund type and consists of six special revenue funds and one capital projects fund which include the following:

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

School Operating Fund accounts for the general operations of the School Board. Financing is provided by specific allocations from the state and federal governments, by appropriation from the General Fund of the primary government by the Board of Supervisors, and charges for services.

School Textbook Fund accounts for textbook inventory.

School Cafeteria Fund accounts for the centralized School cafeteria operations.

School Capital Projects Fund accounts for financial resources used for the acquisition or construction of major capital facilities of the School Board, other than those financed by the Massanutten Technical Center.

School Activity Funds account for the activity funds at each individual school.

Massanutten Technical Center - Operating Fund accounts for the general operations of the Massanutten Technical Center. The Massanutten Technical Center funds are under the control of the Massanutten Technical Center Board of Control appointed by the Rockingham County School Board and Harrisonburg City School Board.

Massanutten Technical Center - Activity Fund accounts for activities to raise funds for school use. The Massanutten Technical Center funds are under the control of the Massanutten Technical Center Board of Control appointed by the Rockingham County School Board and Harrisonburg City School Board.

The Component Unit - School Board does not issue a separate set of financial statements. All financial information of the School Board is presented with this Comprehensive Annual Financial Report.

Complete financial statements for the School Activity Funds, Massanutten Technical Center - Operating Fund, and Massanutten Technical Center - Activity Fund can be obtained from their respective administrative offices.

School Activity Funds
County of Rockingham
404 County Office Building
4 South Main Street
Harrisonburg, Virginia

Massanutten Technical Center
325 Pleasant Valley Road
Harrisonburg, Virginia

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

Harrisonburg-Rockingham Social Services District

Harrisonburg-Rockingham Social Services District (District) is a regional district created by the governing bodies of the County of Rockingham and City of Harrisonburg to provide social services for the residents of the County of Rockingham and the City of Harrisonburg. The participating entities appoint one member each to the governing board. The District is a legally separate organization. Its financial statements are presented as a discrete presentation of the County's financial statements because of the District's fiscal dependency on the County. The District is presented as a governmental fund type consisting of one special revenue fund as follows:

Social Services Fund accounts for the general operations of the District. Financing is provided by specific allocations from the state and federal governments, by appropriation from the General Fund of the primary government by the Board of Supervisors, and by the City of Harrisonburg.

The Component Unit - Harrisonburg-Rockingham Social Services District does not issue a separate set of financial statements. All financial information of the District is presented with this Comprehensive Annual Financial Report.

B. Government-Wide and Fund Financial Statements

Government-Wide Statements: The Statement of Net Assets and the Statement of Activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. *Direct expenses* are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a *particular* function. Indirect expense allocations that have been made in the funds have been reversed for the Statement of Activities. *Program revenues* include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as *general revenues*.

Fund Financial Statements: The fund financial statements provide information about the County's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide, Proprietary, and Fiduciary Fund Financial Statements: The government-wide and proprietary fund financial statements are reported using the *economic resources measurement focus*. The government-wide, proprietary, and fiduciary fund financial statements are reported using the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from the property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under this method, revenues are recognized when measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within 75 days after year-end, except property taxes which are recognized as revenue if they have been collected within 45 days after year-end. Property taxes, sales taxes, franchise taxes, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt, acquisitions under capital leases and sales of capital assets are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues to fund the program.

All governmental and business-type activities and enterprise funds of the County follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Operating expenses include cost of services, administrative expenses and depreciation on capital assets. All expenses not meeting this definition are reported as nonoperating expenses.

The County reports the following major governmental funds:

General Fund. This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

General Capital Projects Fund. This fund accounts for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds.

The County reports the following major enterprise funds:

Water and Sewer Fund. This fund accounts for services to the general public which are financed primarily by charges to users of such services.

Smith Creek Water & Waste Authority. This fund accounts for services provided to those areas within the Smith Creek Water & Waste Authority and is financed primarily by charges to users of such services.

Solid Waste Fund. This fund accounts for the operation, maintenance, and development of various landfills and disposal sites.

Additionally, the County reports the following fund types:

Internal Service Fund. This fund accounts for revenue and expenses associated with providing office supplies to other departments or agencies of the County on a cost-reimbursement basis.

Agency Funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency funds consist of the following: Special Welfare, Employee Benefits, Rockingham County Industrial Development Authority, Bond Escrow, Disability Services Board, Community Association for Rural Transportation, Massanutten Technical Center and Upper Valley Regional Park Authority.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

D. Budgetary Data

The Board of Supervisor's fiscal control is exercised through two distinct processes: budgeting and appropriations. The County budget is developed for informative and fiscal planning purposes only and presents an itemized listing of contemplated expenditures and estimated revenues for the ensuing fiscal year. Certain expenditures are mandated by statute and need to be included in the County budget. Mandated expenditures include the matching share of the expenditures of the Treasurer and Commissioner of the Revenue, support of public schools, Sheriff, Commonwealth Attorney, Clerk of Circuit Court, jail, voter registration, social service programs, and the operating costs of the state/local public health program. The Board of Supervisors approves the budget after a public hearing.

When the budget becomes effective at the beginning of the fiscal year, the Board of Supervisors must make appropriations before money may be expended for any budgeted program, project or operation. Appropriations are made on an annual basis with supplemental appropriations made as needed. Such appropriations may be greater than contemplated in the annual budget. All appropriations lapse at year-end.

The County Administrator is authorized to transfer budgeted amounts within the primary government functions. The discretely presented component units, the School Board and the District, are authorized to transfer budgeted amounts within their major categories. The County may amend its budget to increase the aggregate amount to be appropriated during the current fiscal year as shown in the currently adopted budget. A supplemental appropriation which exceeds one percent of the total revenue shown in the currently adopted budget or the sum of \$500,000, whichever is less, must be accomplished by publishing a notice of a meeting and a public hearing in a newspaper having general circulation in that locality seven days prior to the meeting date. The notice shall state the County's intent to amend the amounts to be appropriated and include a brief synopsis of the proposed action.

The budgets are prepared using the same accounting basis and practices as are used to account for and prepare the financial reports for each fund; thus, the budgets presented in this report for comparison to actual amounts are presented in accordance with accounting principles generally accepted in the United States of America. Budgetary compliance is monitored and reported at the operating function level. Budgetary control is maintained at the subfunction level by the encumbrance of estimated purchase orders prior to release of purchase orders to vendors. Purchase orders which will result in an overrun of function balances are not released until additional appropriations are made.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

E. Assets, Liabilities and Equity

1. Deposits and Investments

The County considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Cash of individual funds other than the Special Welfare, Upper Valley Regional Park Authority, School Activity and the Massanutten Technical Center - Activity Fund is combined to form a pool of cash and investments. The pool consists primarily of government and corporate obligations, commercial paper and an external local government investment pool. The government and corporate securities are stated at fair value based on quoted market prices and the investment in the local government investment pool (a 2a7-like pool) is reported at the pool's share price. Interest earned as a result of pooling is distributed to the appropriate funds utilizing a formula based on average monthly balances.

Investments are stated at fair value based on quoted market prices.

2. Property Taxes

Property taxes are levied as of January 1 with real estate values redetermined every four years and personal property values assessed annually. The last general real property reassessment was effective January 1, 2002. Property taxes attach as an enforceable lien on property as of January 1. Real estate taxes are due and collectible twice a year, on June 5 and December 5 in the same year as levied. Personal property taxes are due and collectible annually on December 5 in the same year as levied. That portion of the taxes receivable which is not collected within 45 days after June 30 is shown as deferred revenue. A penalty of 10% of the tax is assessed after the applicable payment date. Interest is charged to all unpaid accounts beginning July 1 and January 1, as appropriate, at an annual rate of 10%.

3. Inventory

Inventories are stated at cost using the first-in, first-out method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased

4. Restricted Cash

In accordance with the capital lease for the Joint Judicial Complex, 1/2 of the highest annual lease payment is required to be restricted to provide additional security for the bondholders. This amount is classified as restricted cash on the Statement of Net Assets because its use is limited by applicable bond covenants. The Albert K. Long Trust Fund's cash balance is restricted in accordance with the trust agreement. The Water and Sewer Fund, the Smith Creek Water & Waste Authority, the E911 Fund, and School Capital Projects Fund have restricted a portion of that fund's cash balances in accordance with their respective debt agreements.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

E. Assets, Liabilities and Equity (Continued)

5. Capital Assets

Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000. Capital assets are accounted for at cost. Assets acquired by gift are accounted for at the asset's fair market value at the date the property was received. The Commonwealth of Virginia, not the County, has primary responsibility to construct and maintain infrastructure, such as streets and bridges, within the County. The County may, at its option, contribute to improvements to the road system. Such expenditures would be expensed during the year incurred. Interest incurred during construction on governmental activities' capital assets is not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings	20 to 30 years
Improvements other than buildings	10 to 50 years
Machinery and equipment	5 to 15 years

6. Compensated Absences

Employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement based on full-time or part-time status. In the primary government and the discretely presented component unit, the District, an employee can accumulate up to 42 days of vacation and no more than \$5,000 of sick leave liability.

Compensated absences are accrued when incurred in proprietary funds and reported as a fund liability.

In the discretely presented component unit, the School Board, an employee can accumulate up to 36 days of vacation and an unlimited amount of sick leave. An employee earns one day of sick leave at the end of each month worked up to a maximum of 12 days per year. Upon retirement after age 55, all full-time school employees will be compensated at one day for every three days of unused sick leave up to a maximum of two months of salary.

Compensated absences that are expected to be liquidated with expendable available resources are reported as expenditures and fund liabilities of the governmental fund that will pay it.

All amounts accrued for compensated absences are recorded on the entity-wide statements.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

E. Assets, Liabilities and Equity (Continued)

7. Long-Term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Component Unit - School Board Capital Asset and Debt Presentation

By law, the School Board does not have taxing authority and, therefore, it cannot incur debt through general obligation bonds to fund the acquisition, construction or improvement to its capital assets. That responsibility lies with the local governing body who issues the debt on behalf of the School Board. However, the *Code of Virginia* requires the School Board to hold title to the capital assets (buildings and equipment) due to their responsibility for maintaining the asset.

In the Statement of Net Assets, this scenario presents a dilemma for the primary government. Debt issued on behalf of the School Board is reported as a liability of the primary government, thereby reducing the net assets of the primary government. The corresponding capital assets are reported as assets of the Component Unit - School Board (title holder), thereby increasing their net assets.

The Virginia General Assembly legislature amended the *Code of Virginia* to allow a tenancy in common with the School Board whenever the locality incurs a financial obligation which is payable over more than one fiscal year for any school property. The tenancy in common terminates when the associated debt has been paid in full. For financial reporting purposes, the legislation permits the locality to report the portion of the school property related to any outstanding financial obligation, thus eliminating a potential deficit from financing capital assets with debt. The legislation also allows local governments to elect not to acquire a tenancy in common by adopting a resolution to that effect.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

E. Assets, Liabilities and Equity (Continued)

8. Component Unit – School Board Capital Asset and Debt Presentation (Continued)

The County concluded that, while joint tenancy would resolve a deficit in the primary government's net assets, the continual computation process that would be required to allocate principal, interest, asset amount, and depreciation between the County and the School Board would be cumbersome and not provide any added benefit to the financial statements. Therefore, the Board of Supervisors adopted a resolution declining tenancy in common for current and future obligations.

9. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

10. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Note 2. Deposits and Investments

Deposits. All cash of the County of Rockingham is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the *Code of Virginia* or covered by federal depository insurance.

Investments. The LGIP is a professionally managed money market fund which invests in qualifying obligations and securities as permitted by Virginia statutes. Pursuant to Section 2.2-4605 *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings. The fair value of the position of the LGIP is the same as the value of the pool shares, i.e., the LGIP maintains a stable net asset value of \$1 per share.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

Investment Policy:

Statutes authorize local governments and other public bodies to invest in obligations of the United States or its agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, bankers' acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

The County's investment policy establishes the maximum percentages of the portfolio permitted in each of the following instruments:

U. S. Treasury Obligations	70% maximum
U. S. Government Agency Securities and Instruments of Government Sponsored Corporations	70% maximum
Bankers' Acceptances	40% maximum
Repurchase Agreements	25% maximum
Certificate of Deposits – Commercial Banks	100% maximum
Certificate of Deposits – Savings and Loan Associations	10% maximum
Commercial Paper	35% maximum
Corporate Notes	35% maximum
Local Government Investment Pool	75% maximum
Money Market Funds	40% maximum

Further, no more than 5% of the total portfolio can be invested in any one issue of Commercial Paper, Corporate Note, or Bankers' Acceptance.

Credit Risk:

As required by state statute, the Policy requires that commercial paper have a short-term debt rating of no less than "A-1" (or its equivalent) from at least two of the following; Moody's Investors Service, Standard & Poor's and Fitch Investor's Service. Corporate notes, negotiable Certificates of Deposit and bank deposit notes maturing in less than one year must have a short-term debt rating of at least "A-1" by Standard & Poor's and "P-1" by Moody's Investor Service. Notes having a maturity of greater than one year must be rated "AA" by Standard & Poor's "Aa" by Moody's Investor Service.

As of June 30, 2005, 5% of the portfolio was invested in "A-1+" Commercial Paper, 31% was invested in "A-1+" Agency Notes, 27% was invested in "AAA" U. S. Agency Securities, and 37% was invested in "AAAm" rated Money Market Funds. All credit ratings presented in this paragraph are Standard and Poor's ratings.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

Concentration of Credit Risk:

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer. If certain investments in any one issuer represent 5% of total investments, there must be a disclosure for the amount and issuer. At June 30, 2005, the portion of the County's portfolio, excluding the LGIP, U. S. Government guaranteed obligations and money market mutual funds, that exceed 5% of the total portfolio are as follows:

Federal National Mortgage Association	30%
Federal Home Loan Mortgage Corporation	15%
Federal Home Loan Bank	15%

Interest Rate Risk:

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment.

As a means of limiting exposure to fair value losses arising from rising interest rates, the County's policy limits the investment of operating funds to investments with a stated maturity of no more than two years from the date of purchase.

	Fair Value	Investment Maturities (in years)	
		Less Than 1 Year	1 – 2 Years
U. S. Agencies	\$ 34,008,549	\$ 28,211,334	\$ 5,797,215
Commercial Paper	2,998,800	2,998,800	-

Interest rate risk does not apply to the local government investment pool since it is a 2a7-like pool.

Note 3. Receivables

Receivables at June 30, 2005 for the government's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Primary Government

	General Fund	General Capital Projects Fund	Nonmajor and Other Governmental Funds	Water and Sewer Fund	Smith Creek Water & Waste Authority	Solid Waste Fund	Nonmajor Proprietary Funds	Totals
Property taxes	\$ 4,019,421	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,019,421
Utility taxes	230,705	-	-	-	-	-	-	230,705
Trade and other accounts	283,136	192,581	56,680	296,458	137,864	317,105	21,786	1,305,610
Gross receivables	4,533,262	192,581	56,680	296,458	137,864	317,105	21,786	5,555,736
Less allowance for uncollectible accounts	(960,000)	-	-	(6,000)	(1,000)	(11,000)	-	(978,000)
Net receivables	\$ 3,573,262	\$ 192,581	\$ 56,680	\$ 290,458	\$ 136,864	\$ 306,105	\$ 21,786	\$ 4,577,736

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 3. Receivables (Continued)

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

	Unavailable	Unearned
Delinquent property taxes receivable (General Fund)	\$ 2,778,747	\$ -
Advance collection of 2004-2005 taxes (General Fund)	-	441,707
Intergovernmental (General Capital Projects Fund)	117,580	-
Intergovernmental (E911 Fund)	-	190,000
Other (General Fund)	820	-
	<u>\$ 2,897,147</u>	<u>\$ 631,707</u>

The County determines its allowance for uncollectible delinquent property tax accounts using historical collection data and specific account analysis. The allowance amounted to \$960,000 as of June 30, 2005 and is based on the following:

.54% of taxes levied during fiscal years ended June 30, 2003, 2004 and 2005	\$678,000
Real estate taxes 4-20 years delinquent	\$282,000

Component Units - School Board and Harrisonburg-Rockingham Social Services District

The component units' receivables are considered fully collectible and, therefore, an allowance for uncollectible accounts is not applicable for those receivables.

Note 4. Due From Other Governments

Amounts due from other governments include the following:

Primary Government:	
General Fund:	
Commonwealth of Virginia:	
Local sales taxes	\$ 742,094
Non-categorical aid:	
Personal property tax relief	17,250
Categorical aid:	
Shared costs:	
Commonwealth Attorney	37,834
Sheriff	441,830
Clerk of circuit court	40,881
Other	31,488

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 4. Due From Other Governments (Continued)

Other categorical aid:	
Methamphetamine grant	\$ 8,343
Soil conservation	38,688
Other	28,263
Federal government:	
Boarding and care of prisoners	74,037
Categorical aid:	
Weed and seed	46,691
Community prosecution program	25,743
Domestic violence	10,825
Ground safety transportation	15,454
Other	5,433
County of Augusta	15,671
City of Harrisonburg	291,154
Other governments	274,209
Total General Fund	<u>2,145,888</u>
Nonmajor Governmental Funds:	
City of Harrisonburg	432
Total Primary Government	<u>\$ 2,146,320</u>
Component Unit - School Board:	
School Operating Fund:	
Commonwealth of Virginia:	
State sales tax receipts	\$ 1,846,374
Other state school funds	213,838
Federal government:	
Education grants	1,192,401
Other governments	6,269
Total School Operating Fund	<u>3,258,882</u>
School Cafeteria Fund:	
Federal government:	
Meal reimbursement	45,946
Nonmajor Funds of the Discretely Presented	
Component Unit – School Board:	
City of Harrisonburg	26,000
Total Component Unit - School Board	<u>\$ 3,330,828</u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 4. Due From Other Governments (Continued)

Component Unit - Harrisonburg-Rockingham Social Services District:

Commonwealth of Virginia:

Comprehensive Services Act	\$	885,067
Public assistance and administration		190,989
Other state funds		5,829

Federal government:

Public assistance and administration		358,667
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**Total Component Unit - Harrisonburg-Rockingham
Social Services District**

\$ 1,440,552

Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2005 is as follows:

Primary Government:

	Beginning Balance	Increases	(Deletions)/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 3,198,581	\$ -	\$ -	\$ 3,198,581
Construction in progress	1,597,371	5,824,273	-	7,421,644
Total capital assets, not being depreciated	4,795,952	5,824,273	-	10,620,225
Capital assets, being depreciated:				
Buildings	19,715,701	308,555	-	20,024,256
Improvements other than buildings	1,648,299	620,754	-	2,269,053
Machinery and equipment	5,500,780	611,665	(255,275)	5,857,170
Total capital assets being depreciated	26,864,780	1,540,974	(255,275)	28,150,479
Less accumulated depreciation for:				
Buildings	(6,809,584)	(654,506)	-	(7,464,090)
Improvements other than buildings	(339,140)	(68,043)	-	(407,183)
Machinery and equipment	(4,554,202)	(441,087)	247,051	(4,748,238)
Total accumulated depreciation	(11,702,926)	(1,163,636)	247,051	(12,619,511)
Total capital assets being depreciated, net	15,161,854	377,338	(8,224)	15,530,968
Governmental activities capital assets, net	\$ 19,957,806	\$ 6,201,611	\$ (8,224)	\$ 26,151,193

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General government administration	\$	235,170
Judicial administration		215,681
Public safety		512,056
Public works		17,459
Health and social services		44,582
Parks, recreation and cultural		75,707
Community development		62,981

Total depreciation expense - governmental activities **\$ 1,163,636**

	Beginning Balance	Increases	(Deletions)/ Reclassifications	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 605,060	\$ 5,137	\$ -	\$ 610,197
Construction in progress	4,796,858	3,454,980	(4,411,887)	3,839,951
Total capital assets, not being depreciated	5,401,918	3,460,117	(4,411,887)	4,450,148
Capital assets, being depreciated:				
Buildings	84,613	-	-	84,613
Improvements other than buildings	28,782,380	1,230,352	4,411,887	34,424,619
Machinery and equipment	3,429,561	225,786	(82,897)	3,572,450
Total capital assets being depreciated	32,296,554	1,456,138	4,328,990	38,081,682
Less accumulated depreciation for:				
Buildings	(51,572)	(2,300)	-	(53,872)
Improvements other than buildings	(9,704,024)	(914,323)	-	(10,618,347)
Machinery and equipment	(2,195,451)	(282,029)	73,230	(2,404,250)
Total accumulated depreciation	(11,951,047)	(1,198,652)	73,230	(13,076,469)
Total capital assets being depreciated, net	20,345,507	257,486	4,402,220	25,005,213
Business-type activities capital assets, net	\$ 25,747,425	\$ 3,717,603	\$ (9,667)	\$ 29,455,361

Depreciation expense was charged to functions/programs of the primary government as follows:

Business-type activities:

Water and Sewer	\$	499,835
Solid Waste		605,948
Smith Creek Water & Waste Authority		89,796
Lilly Subdivision Sanitary District		3,073

Total depreciation expense - business-type activities **\$ 1,198,652**

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets (Continued)

Component Unit - School Board:

	Beginning Balance	Increases	(Deletions)/ Reclassifications	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,972,138	\$ -	\$ -	\$ 2,972,138
Construction in progress	3,712,022	9,597,593	-	13,309,615
Total capital assets, not being depreciated	6,684,160	9,597,593	-	16,281,753
Capital assets, being depreciated:				
Buildings	101,071,621	28,835	(152,987)	100,947,469
Improvements other than buildings	8,398,697	13,234	-	8,411,931
Machinery and equipment	20,455,089	995,004	(121,918)	21,328,175
Total capital assets being Depreciated	129,925,407	1,037,073	(274,905)	130,687,575
Less accumulated depreciation for:				
Buildings	(41,314,388)	(2,996,138)	152,987	(44,157,539)
Improvements other than buildings	(7,466,305)	(234,227)	-	(7,700,532)
Machinery and equipment	(16,347,365)	(766,522)	93,831	(17,020,056)
Total accumulated depreciation	(65,128,058)	(3,996,887)	246,818	(68,878,127)
Total capital assets being depreciated, net	64,797,349	(2,959,814)	(28,087)	61,809,448
School capital assets, net	\$ 71,481,509	\$ 6,637,779	\$ (28,087)	\$ 78,091,201

Depreciation expense was charged to functions of the Component Unit - School Board as follows:

Instruction	\$ 3,440,255
Administration, attendance and health	40,856
Pupil transportation services	249,369
Operation and maintenance services	266,407
	<u>\$ 3,996,887</u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets (Continued)

Component Unit - Harrisonburg-Rockingham Social Services District:

	Beginning Balance	Increases	(Deletions)/ Reclassifications	Ending Balance
Capital assets being depreciated:				
Improvements other than buildings	\$ 3,156	\$ -	\$ -	\$ 3,156
Equipment	274,645	62,982	-	337,627
Total capital assets being depreciated	277,801	62,982	-	340,783
Less accumulated depreciation for:				
Improvements other than buildings	(473)	(105)	-	(578)
Equipment	(192,457)	(38,554)	-	(231,011)
Total accumulated depreciation	(192,930)	(38,659)	-	(231,589)
Harrisonburg-Rockingham Social Services District capital assets, net	\$ 84,871	\$ 24,323	\$ -	\$ 109,194

Depreciation expense was charged to the function of the Component Unit - Harrisonburg-Rockingham Social Services District as follows:

Administration – Welfare	\$ 38,659
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Note 6. Long-Term Obligations

The following is a summary of long-term liability activity of the primary government for the year ended June 30, 2005:

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Bonds and notes payable:					
General obligation bonds	\$ 35,249,675	\$ -	\$ (2,711,611)	\$ 32,538,064	\$ 2,724,414
Literary fund loans	1,378,386	-	(230,500)	1,147,886	230,500
Lease revenue note payable	8,500,000	-	-	8,500,000	8,500,000
Capital leases	5,563,989	7,150,000	(421,035)	12,292,954	805,390
Unamortized premium	314,582	-	(15,729)	298,853	-
	51,006,632	7,150,000	(3,378,875)	54,777,757	12,260,304
Compensated absences	1,059,278	893,569	(846,435)	1,106,412	628,996
Governmental activities long-term liabilities	\$ 52,065,910	\$ 8,043,569	\$ (4,225,310)	\$ 55,884,169	\$ 12,889,300

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Obligations (Continued)

Annual requirements to amortize long-term debt are as follows:

Year Ending June 30,	General Obligation Bonds		Literary Fund Loans		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 2,724,414	\$ 1,751,095	\$ 230,500	\$ 35,067	\$ 805,390	\$ 529,023
2007	2,708,928	1,589,919	230,500	27,957	839,349	493,383
2008	2,712,202	1,433,357	193,000	20,847	876,379	455,299
2009	2,486,661	1,287,239	178,027	14,862	916,072	415,205
2010	2,474,553	1,147,323	173,500	9,476	959,332	373,033
2011-2015	11,089,073	3,763,165	142,359	6,337	4,930,892	1,158,987
2016-2020	6,940,492	1,169,377	-	-	2,965,540	280,423
2021-2025	1,401,741	125,503	-	-	-	-
	<u>\$ 32,538,064</u>	<u>\$ 12,266,978</u>	<u>\$ 1,147,886</u>	<u>\$ 114,546</u>	<u>\$ 12,292,954</u>	<u>\$ 3,705,353</u>

General Obligation Bonds:

\$1,840,000 1990 series, issued August 1990, due in annual maturities of \$105,000 to \$120,000 through July 2010, plus interest at 7.0% to 7.1% \$ 670,000

\$1,033,884 1992A series, issued November 1992, due in annual maturities of \$52,457 to \$63,848 through July 2012, plus interest at 5.90% to 6.35% 461,267

\$5,200,000 1992B series, issued December 1992, due in annual maturities of \$160,000 to \$265,000 through December 2012, plus interest at 5.85% 1,755,000

\$3,500,000 1993 series, issued November 1993, due in annual maturities of \$20,000 to \$170,000 through December 2013, plus interest at 4.75% to 5.0% 830,000

\$16,600,000 1994A series, issued December 1993, due in annual maturities of \$220,000 through December 2007, plus interest at 8.1% 660,000

\$3,800,000 1994A series, issued May 1994, due in annual maturities of \$195,000 through July 2013, plus interest at 6.1% to 6.3% 1,755,000

\$11,200,000 1996A series, issued May 1996, due in annual maturities of \$560,000 through July 2016, plus interest at 5.3% to 6.1% 6,720,000

\$7,471,945 1996B series, issued November 1996, due in annual maturities of \$359,705 to \$445,122 through July 2016, plus interest at 5.1% to 6.1% 4,805,563

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Obligations (Continued)

General Obligation Bonds: (Continued)

\$8,421,223 1999A series, issued November 1999, due in annual maturities of \$388,433 to \$517,103 through July 2019, plus interest at 5.10% to 6.1%	\$ 6,561,742
\$4,190,343 2000 series, issued November 2000, due in annual maturities of \$188,924 to \$247,440 through July 2020, plus interest at 5.1% to 5.85%	3,458,676
\$5,077,993 2003 series, issued November 2003, due in annual maturities of \$224,322 to \$297,277 through July 2023, plus interest at 4.6% to 5.35%	<u>4,860,816</u>
Total General Obligation Bonds	\$ <u>32,538,064</u>

State Literary Fund Loans: (interest rate on all loans at 3% except as noted below)

\$750,000, issued July 1986, due in annual installments of \$37,500 through July 2006	\$ 75,000
\$136,274, issued October 1987, due in annual installments of \$7,000 through October 2007, plus interest at 4%	21,000
\$242,027 issued January 1989, due in annual installments of \$12,500 through January 2008, with final payment of \$4,527 on January 2009, plus interest at 4%	42,027
\$2,000,000, issued July 1989, due in annual installments of \$100,000 through July 2009	500,000
\$1,465,359, issued October 1991, due in annual installments of \$73,500 through October 2010, with final payment of \$68,859 on October 2011	<u>509,859</u>
Total State Literary Fund Loans	\$ <u>1,147,886</u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Obligations (Continued)

Capital Leases:

Joint Judicial Complex:

Payments to the City of Harrisonburg Redevelopment and Housing Authority in annual installments ranging from \$367,000 to \$540,000 through June 2014, plus interest payable semi-annually ranging from 4.5%-5.0% \$ 4,035,000

Human Services Building:

Payments to the City of Harrisonburg Redevelopment and Housing Authority in semi-annual installments ranging from \$73,030 to \$133,994 through February 2016, including interest at 6.08% 1,107,954

Emergency Communications Center:

\$7,150,000 lease purchase contract due in annual installments ranging from \$364,860 to \$609,297, through December 2019, plus interest payable semi-annually at 3.76% 7,150,000

Total Capital Leases

\$ 12,292,954

Lease Revenue Note Payable:

\$8,500,000 lease revenue note payable, issued April 29, 2004, due in fiscal year 2006, plus interest at 1.52% \$ 8,500,000

Pursuant to Article VII, Section 10, (b) of the Constitution of Virginia, no debt shall be contracted by or on behalf of any county or district thereof unless approved by a majority vote of the qualified voters of said county. There is no limit on the amount of debt which a county may incur. Repayment of the capital leases will be funded through the General Fund. Repayment of the revenue bonds will be funded through the Water and Sewer Fund and the Smith Creek Water and Waste Authority.

The capital leases with the City of Harrisonburg Redevelopment and Housing Authority are a result of Public Facility Lease Revenue Bonds issued under a Trust Agreement among the County of Rockingham, Virginia, the City of Harrisonburg, Virginia, and SunTrust Bank and Wachovia Securities, as Trustees. The bonds associated with the first capital lease were issued to refund bonds used to finance the acquisition and construction of a Joint Judicial Complex which the Housing Authority leases to the County and the City under a lease agreement. The second capital lease bonds were issued to finance the acquisition, construction and equipping of a human services building. The bonds associated with the Emergency Communications Center lease were issued to finance the acquisition and construction of emergency use equipment and radio towers throughout the County.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Obligations (Continued)

The assets acquired through capital leases, included in the Statement of Net Assets, are as follows:

	Governmental Activities		
	Joint Judicial Complex	Human Services Building	Emergency Communications Center
Capital assets:			
Land	\$ 1,254,155	\$ 162,300	\$ -
Construction in progress	-	-	3,254,070
Buildings	9,419,396	1,311,904	-
Improvements other than buildings	-	8,518	-
Machinery and equipment	156,767	84,132	-
Less: accumulated depreciation	(3,561,589)	(507,660)	-
	<u>\$ 7,268,729</u>	<u>\$ 1,059,194</u>	<u>\$ 3,254,070</u>

The following is a summary of long-term liability activity for the County's business-type activities:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Business-type activities:					
Revenue bonds	\$ 6,678,696	\$ 1,519,379	\$ (1,686,596)	\$ 6,511,479	\$ 3,259,701
Landfill obligation	3,755,282	133,786	-	3,889,068	51,332
Compensated absences	130,223	122,417	(137,223)	115,417	60,174
Unamortized premium	25,662	-	(1,283)	24,379	-
Business-type activities long-term liabilities	<u>\$ 10,589,863</u>	<u>\$ 1,775,582</u>	<u>\$ (1,825,102)</u>	<u>\$ 10,540,343</u>	<u>\$ 3,371,207</u>

Annual requirements to amortize long-term debt are as follows:

Year Ending June 30,	Revenue Bonds	
	Principal	Interest
2006	\$ 3,259,701	\$ 120,763
2007	167,261	115,873
2008	174,899	110,545
2009	177,616	104,813
2010	180,415	98,803
2011-2015	907,119	397,375
2016-2020	955,940	236,723
2021-2025	688,528	52,360
	<u>\$ 6,511,479</u>	<u>\$ 1,237,255</u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Obligations (Continued)

Water and Sewer Fund:

Infrastructure Revenue Bonds (Virginia Pooled Financing Program):

\$1,580,000 issued June 2004, due in annual installments of \$60,000 to \$100,000 through October 2023, plus interest payable semi-annually ranging from 2.9%-5.1% \$ 1,495,000

Smith Creek Water & Waste Authority

Virginia Revolving Loan Fund:

\$2,078,500 issued November 2001, due in semi-annual installments of \$84,701 to \$136,396 through September 2022, including interest at 3.0% 1,916,479

Tax-Exempt Interim Note:

\$3,100,000 issued July 2003, due in fiscal year 2006, plus interest at 1.41%
3,100,000
\$ 6,511,479

Information relative to the County's landfill obligation is contained in Note 12.

The following is a summary of long-term debt transactions of the Component Unit - School Board, for the year ended June 30, 2005:

Component Unit - School Board:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Post-retirement benefits	\$ 36,280	\$ -	\$ -	\$ 36,280	\$ -
Compensated absences	2,668,432	2,596,710	(2,607,552)	2,657,590	1,447,246
	<u>\$ 2,704,712</u>	<u>\$ 2,596,710</u>	<u>\$ (2,607,552)</u>	<u>\$ 2,693,870</u>	<u>\$ 1,447,246</u>

In addition to providing pension benefits, the Component Unit - School Board provides partial payment of health insurance premiums for school employees who retire before they reach age 65 provided they have been employed by the School for ten consecutive years. This benefit continues until the employee reaches age 65. The School Board pays \$10 per month per individual. For the year ended June 30, 2005, there were 92 participants and the School Board recognized an expenditure of \$9,940.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Obligations (Continued)

The following is a summary of long-term transactions of the Component Unit - Harrisonburg-Rockingham Social Services District, for the year ended June 30, 2005:

Component Unit - Harrisonburg-Rockingham Social Services District:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Compensated absences	\$ 233,268	\$ 251,872	\$ (237,210)	\$ 247,930	\$ 141,060

Note 7. Government Services Provided by Authorities

The County of Rockingham, the City of Harrisonburg and the Towns of Bridgewater, Dayton, and Mt. Crawford entered into a guaranty agreement with the Harrisonburg-Rockingham Regional Sewer Authority dated December 15, 1992. Under the terms of this agreement, these municipalities jointly and severally guaranteed the Authority's 1992 Sewer Revenue Bonds, Series A, in the original amount of \$20,555,000 to upgrade and expand its treatment plant and refinance existing debt. In March 1998, the Authority issued \$16,520,000 Sewer System Revenue Refunding Bonds, Series 1998. Proceeds from the sale of the 1998 Bonds are escrowed to refund \$15,250,000 principal amount of the 1992 Term Bonds. In 2003, the Authority issued \$1,452,800 Sewer System Revenue Refunding Bonds, Series 2003, of which \$800,000 was for capital improvements with the remainder used to retire existing bonds.

The 1992 bond issue consists of Serial Bonds and Term Bonds. The Serial Bonds were retired in 2005. The Term Bond outstanding bears interest at 5.90% and is to be retired in a principal installment of \$5,000 in 2007.

The 1998 bond issue consists of Serial Bonds and Term Bonds. The Serial Bonds of \$5,535,000 are to be retired in annual principal installments increasing from \$335,000 in 2006 to \$900,000 in 2013. The Serial Bonds bear interest at annual rates ranging from 4.3% currently to 4.875% at maturity in 2013. The Term Bonds bear interest at 5.00% and are to be retired in principal installments of \$5,230,000 in 2018 and \$5,205,000 in 2022.

The 2003 bond issue consists of serial bonds of \$1,108,150 which are to be retired in monthly principal installments increasing from \$39,868 to \$40,852. The bonds bear interest at 2.22% and mature in 2008.

The County is obligated for 3.407% of the above debt service.

The Authority bills the localities a monthly charge which includes an assessment for their respective shares of the Authority's debt service and operating expenditures based on the locality usage of the sewage treatment facilities. Based on the current average usage, the County's assessment for the Authority's operating and debt service expenditures for the ensuing year will approximate \$260,000 and \$43,700, respectively. To obtain a copy of the audited financial statements, contact the Authority at 856 North River Road, P. O. Box 8, Mt. Crawford, Virginia, 22841.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 8. Defined Benefit Pension Plan

A. Plan Description

Name of Plan: Virginia Retirement System (VRS)

Identification of Plan: Agent and Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Administering Entity: Virginia Retirement System (System)

The County of Rockingham, and its component units, the Harrisonburg-Rockingham Social Services District and the Rockingham County School Board, contribute to the Virginia Retirement System (VRS), an agent and cost sharing multiple-employer defined benefit pension plan administered by the VRS.

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 for participating local law enforcement officers and firefighters and sheriffs) or at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years of service for participating local law enforcement officers, firefighters and sheriffs) payable monthly for life in an amount equal to 1.7 percent of their average final compensation (AFC) for each year of credited service. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living increases limited to 5% per year beginning in their second year of retirement. AFC is defined as the highest consecutive 36 months of reported compensation. Participating local law enforcement officers, firefighters and sheriffs may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the *Code of Virginia* (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <http://www.varetire.org/pdf/2004annurept.pdf> or obtained by writing to the System at P. O. Box 2500, Richmond, Virginia, 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the *Code of Virginia* (1950), as amended, to contribute 5% of their annual reported salary to the VRS. This 5% member contribution has been assumed by the County, the Harrisonburg-Rockingham Social Services District, and the School Board. In addition, the County, the Harrisonburg-Rockingham Social Services District, and the School Board are required to contribute the remaining amounts necessary to fund their participation in the VRS using the actuarial basis specified by the *Code of Virginia* and approved by the VRS Board of Trustees. For the fiscal year ended June 30, 2005, the contribution rate for the County and Harrisonburg-Rockingham Social Services District was 12.50% and for the School Board's non-professional employees was 9.00% of annual covered payroll.

For the years ended June 30, 2005, 2004 and 2003, total employer and employee contributions made to the VRS statewide teacher cost-sharing pool for professional employees by the School Board were \$5,310,525, \$3,990,609, and \$3,822,923, respectively, and were equal to 100% of the required contribution for professional employees for each year.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 8. Defined Benefit Pension Plan (Continued)

C. Annual Pension Cost (APC)

For fiscal year 2005, the County, Harrisonburg-Rockingham Social Services District, and the School Board's non-professional employees annual pension costs of \$2,583,644 were equal to the required and actual contributions. The required contributions were determined as part of the June 30, 2003 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 8% investment rate of return, (b) projected salary increases ranging from 4% to 7% per year, and (c) 3% per year cost-of-living adjustment. Both (a) and (b) included an inflation component of 3%. The actuarial value of the assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County, Harrisonburg-Rockingham Social Services District, and the School Board's non-professional employees unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis within a period of 30 years or less.

Three-year trend information for the County and the Component Unit - Harrisonburg-Rockingham Social Services District is as follows:

Fiscal Year Ended	Annual Pension Cost	Percentage of APC Contributed	Net Pension Obligation
June 30, 2005	\$ 2,041,981	100%	\$ -
June 30, 2004	1,525,111	100%	-
June 30, 2003	1,467,413	100%	-

The Harrisonburg-Rockingham Social Services District and the County contribute to a combined account. Therefore, separate annual pension cost for this component unit and the primary government are not available.

Three-year trend information for the Component Unit - School Board non-professional employees, is as follows:

Fiscal Year Ended	Annual Pension Cost	Percentage of APC Contributed	Net Pension Obligation
June 30, 2005	\$ 541,663	100%	\$ -
June 30, 2004	340,723	100%	-
June 30, 2003	324,360	100%	-

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Advances To/From Other Funds

Interfund balances as of June 30, 2005 are as follows:

Payable Fund	Receivable Fund
	General Fund:
Water and Sewer	\$ 695,000
Lilly Subdivision Sanitary District	130,000
Countryside Sanitary District	200,616
Total	\$ 1,025,616

The advance from the General Fund to the Water and Sewer Fund is an interest bearing loan to aid in the construction of a water filtration plant and is to be repaid through 2014 with principal payments ranging from \$55,000 to \$95,000 annually plus interest at 5.5%. The advance from the General Fund to the Lilly Subdivision Sanitary District is to be repaid through 2024 with annual principal payments of \$6,500 plus interest at 3.25%. No formal terms have been established for the advance from the General Fund to the Countryside Sanitary District Fund.

Note 10. Interfund Transfers

A summary of interfund transfer activity is presented as follows:

	Transfer From Fund:		
	General Fund	Joint Judicial Complex	Total Transferred In
Transfer To Fund:			
Primary government:			
Governmental activities:			
General Fund	\$ -	\$ 3,188	\$ 3,188
General Capital Projects Fund	3,936,000	-	3,936,000
Business-type activities:			
Water and Sewer Fund	700,000	-	700,000
Penn Laird Sewer Authority Fund	50,000	-	50,000
Total Transferred Out	\$ 4,686,000	\$ 3,188	\$ 4,689,188

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Interfund Transfers (Continued)

The transfer from the Joint Judicial Complex to the General Fund was for the reduction of principal and interest paid on the Joint Judicial Complex debt.

The transfer from the General Fund to the General Capital Projects Fund was for capital project expenditures.

The transfers from the General Fund to the Water and Sewer Fund were to transfer funds for the extension of water and sewer service.

The transfer from the General Fund to the Penn Laird Sewer Authority was to provide funding for new water line construction.

Note 11. Surety Bonds

Primary Government:

	<u>Amount</u>
Fidelity and Deposit Company of Maryland:	
Constitutional Officers	
L. Wayne Harper, Clerk of the Circuit Court	\$ 1,000,000
L. Todd Garber, Treasurer	750,000
Richard E. Connellee, Commissioner of the Revenue	3,000
Donald W. Farley, Sheriff	30,000
The above Constitutional Officers' employees – blanket bond	500,000
Public Officials Employees Comprehensive, Dishonesty, Disappearance, and Destruction Policy	1,000,000
Comprehensive Money and Securities and Depositors Forgery Policy	1,000,000
Travelers Casualty and Surety Company of Am and Deposit Co. of Maryland – Surety:	
Dee E. Floyd, Supervisor	1,000
Charles W. Ahrend, Supervisor	1,000
Michael A. Breeden, Vice-Chairman	1,000
William B. Kyger, Jr., Supervisor	1,000
Pablo Cuevas, Chairman, Board of Supervisors	1,000
County Engineer	1,000
Commonwealth of Virginia:	
Law Enforcement Liability Insurance	1,000,000
Public Officials Liability Insurance	1,000,000

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Surety Bonds (Continued)

Component Units:

School Board:

VML:	
School District Legal Liability	\$ 6,000,000
School Employees Comprehensive Dishonesty, Disappearance, and Destruction Policy	250,000

Harrisonburg-Rockingham Social Services District:

Fidelity and Deposit Company of Maryland:	
Social Services District Employees Comprehensive Dishonesty, Disappearance, and Destruction Policy	250,000

Commonwealth of Virginia:

Public Officials Liability Insurance	1,000,000
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Note 12. Landfill Closure and Postclosure Care Cost

Effective July 1, 1994, the County and the City of Harrisonburg entered into an agreement to operate a consolidated landfill. Under the terms of the agreement, the operating and closure capital costs of the landfill are to be funded through fees and charges of the landfill. The remaining capital costs will be funded by the County and the City based on their respective usage before the agreement and based on their respective share of the total population after the agreement.

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the Solid Waste Fund reports a portion of these closure and postclosure care costs as an operating expense in each period based on the landfill capacity used as of each balance sheet date. This liability has been calculated for only the County's share of the capital cost, which amounts to approximately 72% at June 30, 2005. The \$3,889,068 reported as landfill closure and postclosure care liability at June 30, 2005, represents the cumulative amount reported to date based on the use of 100% of the landfill's old cell, and the use of 66.9% of the landfill's new cell. The Solid Waste Fund will report the County's estimated liability of closure and postclosure care of \$933,000 for the new cell as the remaining estimated capacity is filled. These amounts are based on the cost to perform all closure and postclosure care in 2005. The County closed the landfill's old cell in 2001 and expects to begin closing the new cell in 2007. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The City of Harrisonburg is responsible for the remaining 28% of the landfill closure and postclosure care liability as of June 30, 2005 estimated at \$1,510,000.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 13. Risk Management

The County and its component units are exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees and others; and natural disasters. To reduce insurance costs and the need for self-insurance, the County has joined together with other municipalities in the Commonwealth of Virginia in several public entity risk pools that operate as common risk management and insurance programs for member municipalities. The County is not self-insured.

The County has coverage with the Virginia Association of Counties Group Self Insurance Association (Association) for workers' compensation. Each Association member jointly and severally agrees to assume, pay and discharge any liability. The County pays the Association contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Association and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members the proportion in which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The County continues to carry commercial insurance for all other risks of losses. Settled claims from these risks have not exceeded commercial coverage in any of the last three fiscal years.

Note 14. Pending GASB Statements

At June 30, 2005, the Governmental Accounting Standards Board (GASB) had issued several statements not yet implemented by the County. The statements which might impact the County are as follows:

GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries* requires evaluation and reporting the effects of capital asset impairments and insurance recoveries when they occur. The provisions of Statement No. 42 will be effective for fiscal years beginning after December 15, 2004.

GASB Statement No. 44, *Economic Condition Reporting: the Statistical Section, an amendment of NCGA Statement No. 1*, clarifies and establishes objectives of the statistical section and its five categories of information: financial trends, revenue capacity, debt capacity, demographic and economic, and operating. The provisions of Statement No. 44 will be effective for periods beginning after June 15, 2005.

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and required supplemental information. Statement No. 45 will be effective for periods beginning after December 15, 2008.

GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation*, establishes and modifies requirements related to restrictions of net assets resulting from enabling legislation. Statement No. 46 will be effective for periods beginning after June 15, 2005.

GASB Statement No. 47, *Accounting for Termination Benefits*, establishes accounting standards for termination benefits offered by an employer to employees to hasten an employee's voluntary termination of services, sometimes referred to as early-retirement incentives. Statement No. 47 will be effective for financial statements for periods beginning after June 15, 2005.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 15. Summary Disclosure of Significant Commitments and Contingencies

Subsequent to June 30, 2005, the Smith Creek Water & Waste Authority issued \$1,333,000 taxable waste water system revenue bonds. The bonds are payable over 40 years with interest at 4.125%. Smith Creek Water & Waste Authority was also approved for a \$1,767,000 grant from the United States Department of Agriculture to acquire, construct and equip its waste system.

Also subsequent to year-end, the Rockingham County Board of Supervisors authorized participation in the Virginia Public School Authority issuance and sale of General Obligation School Bonds in a principal amount of \$9,404,190.

Federal and State-Assisted Programs

The County has received proceeds from several federal and state grant programs. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. Based on past experience, no provision has been made in the accompanying financial statements for the refund of grant monies.

Note 16. Restatement of Beginning Net Assets

The following table shows the change to beginning net assets from the amounts previously reported:

	Smith Creek Water & Waste Authority	Business-type Activities
Net assets, June 30, 2004, as previously reported	\$ 1,345,566	\$ 20,583,033
Effect of change to record prior year's availability fees receivable	141,071	141,071
Net assets, June 30, 2004, as restated	<u>\$ 1,486,637</u>	<u>\$ 20,724,104</u>

**REQUIRED SUPPLEMENTARY
INFORMATION**

COUNTY OF ROCKINGHAM, VIRGINIA AND COMPONENT UNITS

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued (Asset) Liability	Funded Ratio	Annual Covered Payroll	Unfunded Actuarial Accrued (Asset) Liability as a Percentage of Covered Payroll
A. Primary Government and Harrisonburg-Rockingham Social Services District, a component unit - employees:						
June 30, 2002	\$ 32,619,395	\$ 31,512,355	\$ (1,107,040)	103.51%	\$ 14,102,359	(7.85%)
June 30, 2003	34,190,038	34,959,573	769,535	97.80%	14,664,074	5.25%
June 30, 2004	35,874,312	38,629,007	2,754,695	92.87%	15,322,985	17.98%
B. Component Unit - School Board non-professional employees:						
June 30, 2002	\$ 15,679,792	\$ 13,557,596	\$ (2,122,196)	115.65%	\$ 5,141,227	(41.28%)
June 30, 2003	15,787,580	15,129,981	(657,599)	104.35%	5,756,615	(11.42%)
June 30, 2004	16,047,452	16,027,360	(20,092)	100.13%	5,661,105	(0.35%)

SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

E911 Fund – This fund is used to account for funds designated for the E911 emergency telephone system. This fund is financed in accordance with the provisions of Section 58.1-3813.1 of the *Code of Virginia*, 1950, as amended, which permits a county to levy a utility tax on users of local telephone services. The monthly tax rate is currently set at \$1.50 per access line.

Asset Forfeiture Fund – This fund is used to account for confiscated funds collected for law enforcement purposes.

Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Joint Judicial Complex – This fund is used to account for financial resources established as a debt service reserve for one-half of the maximum annual debt service payment for the lease reserve bonds issued to permit the construction of a new jail and a lower courts complex built jointly by the City of Harrisonburg, Virginia and the County of Rockingham, Virginia. The amounts included in the combining statements reflect the County's share (50%) of this project.

Permanent Fund

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

Albert K. Long Trust – This fund is used to account for the trust principal amount received and the related interest income. The interest portion of the trust can be used for upkeep and maintenance of the Albert K. Long Park.

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2005

	Special Revenue			Capital Projects	Permanent Fund	Total
	E911	Asset Forfeiture	Totals	Joint Judicial Complex	Albert K. Long Trust	Nonmajor Governmental Funds
	Fund	Fund				
ASSETS						
Cash, cash equivalents and temporary cash investments	\$ 213,256	\$ 68,817	\$ 282,073	\$ 473	\$ -	\$ 282,546
Trade and other accounts receivable	56,680	-	56,680	-	-	56,680
Accrued interest	10,098	366	10,464	544	98	11,106
Due from other governments	432	-	432	-	-	432
Restricted cash	4,079,467	-	4,079,467	283,802	19,105	4,382,374
Total assets	\$ 4,359,933	\$ 69,183	\$ 4,429,116	\$ 284,819	\$ 19,203	\$ 4,733,138
LIABILITIES						
Accounts payable	\$ 317,334	\$ 97	\$ 317,431	\$ -	\$ -	\$ 317,431
Accrued payroll	-	1,240	1,240	-	-	1,240
Deferred revenue	190,000	-	190,000	-	-	190,000
Total liabilities	507,334	1,337	508,671	-	-	508,671
FUND BALANCES						
Reserved for:						
Nonexpendable trust principal	-	-	-	-	11,143	11,143
Expendable:						
Park maintenance	-	-	-	-	8,060	8,060
E911	3,852,599	-	3,852,599	-	-	3,852,599
Law enforcement	-	67,846	67,846	-	-	67,846
Debt service	-	-	-	283,802	-	283,802
Unreserved:						
Designated for subsequent years' expenditures	-	-	-	1,017	-	1,017
Total fund balances	3,852,599	67,846	3,920,445	284,819	19,203	4,224,467
Total liabilities and fund balances	\$ 4,359,933	\$ 69,183	\$ 4,429,116	\$ 284,819	\$ 19,203	\$ 4,733,138

COUNTY OF ROCKINGHAM, VIRGINIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2005**

	Special Revenue			Capital Projects	Permanent Fund	Total
	E911	Asset Forfeiture	Totals	Joint Judicial Complex	Albert K. Long Trust	Nonmajor Governmental Funds
	Fund	Fund				
Revenues:						
Other local taxes	\$ 511,526	\$ -	\$ 511,526	\$ -	\$ -	\$ 511,526
Fines and forfeitures	-	173,974	173,974	-	-	173,974
Use of money and property	55,302	2,375	57,677	7,477	396	65,550
Miscellaneous	-	335	335	-	-	335
Total revenues	566,828	176,684	743,512	7,477	396	751,385
Expenditures:						
Current:						
Public safety	3,797,706	174,975	3,972,681	-	-	3,972,681
Debt service:						
Interest and fiscal charges	132,926	-	132,926	4,349	-	137,275
Total expenditures	3,930,632	174,975	4,105,607	4,349	-	4,109,956
Revenues over (under) expenditures	(3,363,804)	1,709	(3,362,095)	3,128	396	(3,358,571)
Other financing sources (uses):						
Proceeds from indebtedness	7,150,000	-	7,150,000	-	-	7,150,000
Transfers out	-	-	-	(3,188)	-	(3,188)
Total other financing sources (uses), net	7,150,000	-	7,150,000	(3,188)	-	7,146,812
Net change in fund balances	3,786,196	1,709	3,787,905	(60)	396	3,788,241
Fund balance, beginning	66,403	66,137	132,540	284,879	18,807	436,226
Fund balance, ending	\$ 3,852,599	\$ 67,846	\$ 3,920,445	\$ 284,819	\$ 19,203	\$ 4,224,467

NONMAJOR PROPRIETARY FUNDS

Lilly Subdivision Sanitary District – This fund is used to account for the provision of water and sewer services to the Lilly Subdivision Sanitary District, a blended component unit.

Countryside Sanitary District – This fund is used to account for the provision of water and sewer services to the Countryside Sanitary District, a blended component unit.

Penn Laird Sewer Authority - This fund is used to account for the provision of water and sewer services to the Penn Laird Sewer Authority, a blended component unit.

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING STATEMENT OF NET ASSETS
NONMAJOR PROPRIETARY FUNDS
June 30, 2005

	Lilly Subdivision Sanitary District	Countryside Sanitary District	Penn Laird Sewer Authority	Total Nonmajor Proprietary Funds
ASSETS				
Current assets:				
Cash, cash equivalents and temporary cash investments	\$ 29,026	\$ -	\$ 9,249	\$ 38,275
Trade and other accounts receivable	4,113	17,673	-	21,786
Accrued interest	147	-	-	147
Total current assets	33,286	17,673	9,249	60,208
Noncurrent assets:				
Capital assets:				
Land	20,600	-	-	20,600
Buildings	8,900	-	-	8,900
Improvements other than buildings	139,484	-	-	139,484
Machinery and equipment	5,470	-	-	5,470
Construction in progress	-	299,532	39,901	339,433
Less accumulated depreciation	(40,801)	-	-	(40,801)
Total noncurrent assets	133,653	299,532	39,901	473,086
Total assets	166,939	317,205	49,150	533,294
LIABILITIES				
Current liabilities:				
Accounts payable	1,278	33,746	-	35,024
Retainage payable	-	12,442	-	12,442
Accrued interest	3,521	-	-	3,521
Advance from other funds	130,000	200,616	-	330,616
Total liabilities	134,799	246,804	-	381,603
NET ASSETS				
Invested in capital assets	133,653	299,532	39,901	473,086
Unrestricted (deficit)	(101,513)	(229,131)	9,249	(321,395)
Total net assets	\$ 32,140	\$ 70,401	\$ 49,150	\$ 151,691

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
NONMAJOR PROPRIETARY FUNDS
Year Ended June 30, 2005

	Lilly Subdivision Sanitary District	Countryside Sanitary District	Penn Laird Sewer Authority	Total Nonmajor Proprietary Funds
Operating revenues:				
Charges for services	\$ 29,203	\$ 10,101	\$ -	\$ 39,304
Connection fees	-	19,925	-	19,925
Other revenue	25	-	-	25
Total operating revenues	29,228	30,026	-	59,254
Operating expenses:				
Contractual services	8,023	6,170	434	14,627
Electrical services	3,952	289	-	4,241
Water and sewer services	20	-	-	20
Repairs and maintenance	96	450	-	546
Other charges	2,474	30,165	416	33,055
Depreciation and amortization	3,073	-	-	3,073
Total operating expenses	17,638	37,074	850	55,562
Operating income (loss)	11,590	(7,048)	(850)	3,692
Nonoperating revenues (expenses):				
Operating grant	20,000	-	-	20,000
Interest revenue	629	435	-	1,064
Interest expense	(3,521)	-	-	(3,521)
Total nonoperating revenues, net	17,108	435	-	17,543
Income (loss) before transfers	28,698	(6,613)	(850)	21,235
Transfers in	-	-	50,000	50,000
Change in net assets	28,698	(6,613)	49,150	71,235
Total net assets, beginning	3,442	77,014	-	80,456
Total net assets, ending	\$ 32,140	\$ 70,401	\$ 49,150	\$ 151,691

COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF CASH FLOWS NONMAJOR PROPRIETARY FUNDS Year Ended June 30, 2005

	Lilly Subdivision Sanitary District	Countryside Sanitary District	Penn Laird Sewer Authority	Total Nonmajor Proprietary Funds
Cash Flows From Operating Activities:				
Receipts from customers	\$ 29,502	\$ 13,010	\$ -	\$ 42,512
Payments to suppliers for goods and services	(12,484)	(24,263)	(434)	(37,181)
Other payments	(2,449)	-	(416)	(2,865)
Net cash provided by (used in) operating activities	14,569	(11,253)	(850)	2,466
Cash Flows From Noncapital and Related Financing Activities:				
Operating grants	20,000	-	-	20,000
Cash Flows From Capital and Related Financing Activities:				
Advance from other fund	-	200,616	-	200,616
Payment of advance from other funds	(20,000)	-	-	(20,000)
Transfer from other funds for capital purposes	-	-	50,000	50,000
Acquisition and construction of capital assets	-	(253,919)	(39,901)	(293,820)
Net cash provided by (used in) capital and related financing activities	(20,000)	(53,303)	10,099	(63,204)
Cash Flows From Investing Activities:				
Interest received on investment securities	482	517	-	999
Net increase (decrease) in cash and cash equivalents	15,051	(64,039)	9,249	(39,739)
Cash and cash equivalents:				
Beginning	13,975	64,039	-	78,014
Ending	\$ 29,026	\$ -	\$ 9,249	\$ 38,275
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 11,590	\$ (7,048)	\$ (850)	\$ 3,692
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	3,073	-	-	3,073
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	299	(17,016)	-	(16,717)
Increase (decrease) in accounts payable	(393)	12,811	-	12,418
Net cash provided by (used in) operating activities	\$ 14,569	\$ (11,253)	\$ (850)	\$ 2,466
Schedule of Noncash Capital and Related Financing Activities:				
Capital assets acquired through incurrence of accounts payable	\$ -	\$ 32,102	\$ -	\$ 32,102

FIDUCIARY FUNDS

Special Welfare – This fund is used to account for assets held by the County for individuals under custody of the Social Services District.

Employee Benefits – This fund is used to account for assets held by the County for employees selecting voluntary benefits through payroll deductions and benefits provided through COBRA.

Rockingham County Industrial Development Authority – This fund is used to account for assets held by the County for the Rockingham County Industrial Development Authority.

Bond Escrow – This fund is used to account for subdivision, sediment and erosion control bonds held by the County for developers.

Disability Services Board – This fund is used to account for assets held by the County for the Disability Services Board.

Community Association for Rural Transportation – This fund is used to account for assets held by the County for the Community Association for Rural Transportation.

Massanutten Technical Center – This fund is used to account for assets held by the County for the Massanutten Technical Center.

Upper Valley Regional Park Authority – This fund is used to account for assets held by the County for the Upper Valley Regional Park Authority.

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2005

	Agency Funds									
	Special Welfare	Employee Benefits	Rockingham County Industrial Development Authority	Bond Escrow	Disability Services Board	Community Association for Rural Transportation	Massanutten Technical Center	Upper Valley Regional Park Authority	Totals	
ASSETS										
Cash, cash equivalents and temporary cash investments	\$ 75,416	\$ 132,446	\$ 32,382	\$ 840,835	\$ 5,565	\$ -	\$ 647,020	\$ 104,288	\$ 1,837,952	
Accounts receivable	-	15,645	165	4,503	23	61,207	40,579	-	122,122	
Total assets	\$ 75,416	\$ 148,091	\$ 32,547	\$ 845,338	\$ 5,588	\$ 61,207	\$ 687,599	\$ 104,288	\$ 1,960,074	
LIABILITIES										
Accounts payable	\$ 75,416	\$ 148,091	\$ 32,547	\$ 845,338	\$ 5,588	\$ 61,207	\$ 687,599	\$ 104,288	\$ 1,960,074	
Total liabilities	\$ 75,416	\$ 148,091	\$ 32,547	\$ 845,338	\$ 5,588	\$ 61,207	\$ 687,599	\$ 104,288	\$ 1,960,074	

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
Year Ended June 30, 2005

	Balance July 1, 2004	Additions	Deductions	Balance June 30, 2005
<u>SPECIAL WELFARE</u>				
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 113,838	\$ 147,859	\$ 186,281	\$ 75,416
LIABILITIES				
Accounts payable	\$ 113,838	\$ 147,859	\$ 186,281	\$ 75,416

EMPLOYEE BENEFITS

ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 48,644	\$ 83,802	\$ -	\$ 132,446
Accounts receivable	19,811	-	4,166	15,645
Total assets	\$ 68,455	\$ 83,802	\$ 4,166	\$ 148,091
LIABILITIES				
Accounts payable	\$ 68,455	\$ 83,802	\$ 4,166	\$ 148,091

ROCKINGHAM COUNTY INDUSTRIAL
DEVELOPMENT AUTHORITY

ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 29,801	\$ 16,276	\$ 13,695	\$ 32,382
Accounts receivable	80	85	-	165
Total assets	\$ 29,881	\$ 16,361	\$ 13,695	\$ 32,547
LIABILITIES				
Accounts payable	\$ 29,881	\$ 16,361	\$ 13,695	\$ 32,547

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
Year Ended June 30, 2005

	Balance July 1, 2004	Additions	Deductions	Balance June 30, 2005
<u>BOND ESCROW</u>				
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 1,191,232	\$ 317,999	\$ 668,396	\$ 840,835
Accounts receivable	3,530	973	-	4,503
Total assets	\$ 1,194,762	\$ 318,972	\$ 668,396	\$ 845,338
LIABILITIES				
Accounts payable	\$ 1,194,762	\$ 318,972	\$ 668,396	\$ 845,338

DISABILITY SERVICES BOARD

ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 12,766	\$ 4,132	\$ 11,333	\$ 5,565
Accounts receivable	40	-	17	23
Total assets	\$ 12,806	\$ 4,132	\$ 11,350	\$ 5,588
LIABILITIES				
Accounts payable	\$ 12,806	\$ 4,132	\$ 11,350	\$ 5,588

COMMUNITY ASSOCIATION FOR RURAL TRANSPORTATION

ASSETS				
Cash, cash equivalents and temporary cash investments	\$ -	\$ 617,580	\$ 617,580	\$ -
Accounts receivable	7,476	53,731	-	61,207
Total assets	\$ 7,476	\$ 671,311	\$ 617,580	\$ 61,207
LIABILITIES				
Accounts payable	\$ 7,476	\$ 671,311	\$ 617,580	\$ 61,207

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
Year Ended June 30, 2005

	Balance July 1, 2004	Additions	Deductions	Balance June 30, 2005
<u>MASSANUTTEN TECHNICAL CENTER</u>				
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 469,630	\$ 4,211,716	\$ 4,034,326	\$ 647,020
Accounts receivable	3,552	37,027	-	40,579
Total assets	\$ 473,182	\$ 4,248,743	\$ 4,034,326	\$ 687,599
LIABILITIES				
Accounts payable	\$ 473,182	\$ 4,248,743	\$ 4,034,326	\$ 687,599

UPPER VALLEY REGIONAL PARK AUTHORITY

ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 124,954	\$ 635,031	\$ 655,697	\$ 104,288
LIABILITIES				
Accounts payable	\$ 124,954	\$ 635,031	\$ 655,697	\$ 104,288

TOTALS - ALL AGENCY FUNDS

ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 1,990,865	\$ 6,034,395	\$ 6,187,308	\$ 1,837,952
Accounts receivable	34,489	91,816	4,183	122,122
Total assets	\$ 2,025,354	\$ 6,126,211	\$ 6,191,491	\$ 1,960,074
LIABILITIES				
Accounts payable	\$ 2,025,354	\$ 6,126,211	\$ 6,191,491	\$ 1,960,074

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD

School Operating Fund – This fund accounts for the operations of the School Board. Financing is provided by specific allocations from state and federal governments, and by appropriations from the primary government by the Board of Supervisors.

School Cafeteria Fund – This fund accounts for the operations of the centralized school cafeteria operations.

School Capital Projects Fund – This fund accounts for financial resources to be used for the acquisition or construction of major capital facilities of the School Board, other than those financed by the Massanutten Technical Center.

School Activity Funds – This fund accounts for the activity funds at each individual school.

School Textbook Fund – This fund accounts for the operations of the centralized school textbook operation.

Massanutten Technical Center – Operating Fund – This fund accounts for the general operations of the Massanutten Technical Center.

Massanutten Technical Center – Activity Fund – This fund accounts for activities to raise funds for school use. The Massanutten Technical Center Funds are under control of the Massanutten Technical Center Board of Control appointed by the Rockingham County School Board and Harrisonburg City School Board.

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING BALANCE SHEET

DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD

June 30, 2005

	School Operating Fund	School Cafeteria Fund	School Capital Projects Fund	School Activity Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash, cash equivalents and temporary cash investments	\$ 5,679,810	\$ 934,860	\$ 1,141,330	\$ 763,878	\$ 951,742	\$ 9,471,620
Trade and other accounts receivable	422,361	3,450	-	17,527	21,721	465,059
Accrued interest	-	4,550	8,647	-	3,468	16,665
Due from other governments	3,258,882	45,946	-	-	26,000	3,330,828
Inventory	46,868	52,525	-	-	118,446	217,839
Restricted cash	-	-	22,976	-	-	22,976
Total assets	\$ 9,407,921	\$ 1,041,331	\$ 1,172,953	\$ 781,405	\$ 1,121,377	\$ 13,524,987
LIABILITIES						
Accounts payable	\$ 507,026	\$ 14,412	\$ 398,357	\$ 27,234	\$ 72,140	\$ 1,019,169
Retainage payable	-	-	570,265	-	-	570,265
Accrued payroll	8,900,895	306,606	2,632	-	181,757	9,391,890
Due to other government	-	-	-	-	441,040	441,040
Total liabilities	9,407,921	321,018	971,254	27,234	694,937	11,422,364
FUND BALANCES						
Reserved for:						
Inventory	46,868	52,525	-	-	118,446	217,839
Unreserved:						
Designated for subsequent years' expenditures	(46,868)	667,788	201,699	754,171	307,994	1,884,784
Total fund balances	-	720,313	201,699	754,171	426,440	2,102,623
Total liabilities and fund balances	\$ 9,407,921	\$ 1,041,331	\$ 1,172,953	\$ 781,405	\$ 1,121,377	\$ 13,524,987

Fund balances \$ 2,102,623

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds.

Governmental capital assets	\$ 146,969,328
Less accumulated depreciation	(68,878,127)
Net Capital Assets	78,091,201

Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.

Post-retirement benefits	(36,280)
Compensated absences	(2,657,590)
	(2,693,870)

Net assets of governmental activities \$ 77,499,954

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
Year Ended June 30, 2005

	School Operating Fund	School Cafeteria Fund	School Capital Projects Fund	School Activity Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Use of money and property	\$ 21,365	\$ 15,386	\$ 76,832	\$ -	\$ 14,343	\$ 127,926
Charges for services	1,420,243	2,173,871	-	-	683,698	4,277,812
Miscellaneous	159,045	-	-	3,537,531	266,965	3,963,541
House project	-	-	-	-	50,000	50,000
Appropriation from Primary Government	33,174,938	-	140,239	-	-	33,315,177
Intergovernmental	52,397,936	1,896,938	1,079,671	-	3,843,168	59,217,713
Total revenues	87,173,527	4,086,195	1,296,742	3,537,531	4,858,174	100,952,169
Expenditures:						
Current:						
Education	87,173,527	4,020,121	-	3,540,689	5,180,589	99,914,926
Capital outlay	-	-	10,103,317	-	-	10,103,317
Total expenditures	87,173,527	4,020,121	10,103,317	3,540,689	5,180,589	110,018,243
Revenues over (under) expenditures	-	66,074	(8,806,575)	(3,158)	(322,415)	(9,066,074)
Net change in fund balances	-	66,074	(8,806,575)	(3,158)	(322,415)	(9,066,074)
Fund balance, beginning	-	654,239	9,008,274	757,329	748,855	11,168,697
Fund balance, ending	\$ -	\$ 720,313	\$ 201,699	\$ 754,171	\$ 426,440	\$ 2,102,623

Net change in fund balances \$ (9,066,074)

Reconciliation of amounts reported for governmental activities in the Statement of Activities:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays were more than depreciation in the current period.

Expenditure for capital assets	\$ 10,634,666	
Less depreciation expense	(3,996,887)	
Excess of capital outlay over depreciation		6,637,779

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) is to decrease net assets (28,087)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated absences	10,842	
		10,842

Change in net assets of governmental activities \$ (2,445,540)

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING BALANCE SHEET

NONMAJOR FUNDS OF THE DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD

June 30, 2005

	School Textbook Fund	Massanutten Technical Center - Operating Fund	Massanutten Technical Center - Activity Fund	Total Nonmajor Governmental Funds
ASSETS				
Cash, cash equivalents and temporary cash investments	\$ 182,919	\$ 647,020	\$ 121,803	\$ 951,742
Trade and other accounts receivable	2,701	11,111	7,909	21,721
Accrued interest	-	3,468	-	3,468
Due from other governments	-	26,000	-	26,000
Inventory	118,446	-	-	118,446
Total assets	\$ 304,066	\$ 687,599	\$ 129,712	\$ 1,121,377
LIABILITIES				
Accounts payable	\$ 939	\$ 71,201	\$ -	\$ 72,140
Accrued payroll	6,399	175,358	-	181,757
Due to other government	-	441,040	-	441,040
Total liabilities	7,338	687,599	-	694,937
FUND BALANCES				
Reserved for:				
Inventory	118,446	-	-	118,446
Unreserved:				
Designated for subsequent years' expenditures	178,282	-	129,712	307,994
Total fund balances	296,728	-	129,712	426,440
Total liabilities and fund balances	\$ 304,066	\$ 687,599	\$ 129,712	\$ 1,121,377

COUNTY OF ROCKINGHAM, VIRGINIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR FUNDS OF THE DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
Year Ended June 30, 2005

	School Textbook Fund	Massanutten Technical Center - Operating Fund	Massanutten Technical Center - Activity Fund	Total Nonmajor Governmental Funds
Revenues:				
Use of money and property	\$ -	\$ 14,343	\$ -	\$ 14,343
Charges for services	550	683,148	-	683,698
Miscellaneous	-	64,825	202,140	266,965
House project	-	50,000	-	50,000
Intergovernmental	443,768	3,399,400	-	3,843,168
Total revenues	444,318	4,211,716	202,140	4,858,174
Expenditures:				
Current:				
Education	767,032	4,211,716	201,841	5,180,589
Total expenditures	767,032	4,211,716	201,841	5,180,589
Net change in fund balances	(322,714)	-	299	(322,415)
Fund balance, beginning	619,442	-	129,413	748,855
Fund balance, ending	<u>\$ 296,728</u>	<u>\$ -</u>	<u>\$ 129,712</u>	<u>\$ 426,440</u>

**DISCRETELY PRESENTED COMPONENT UNIT –
HARRISONBURG – ROCKINGHAM SOCIAL SERVICES DISTRICT**

This fund accounts for the general operations of the Social Services District. Financing is provided by specific allocations from state and federal governments, by appropriation from the General Fund of the County by the Board of Supervisors and by the City of Harrisonburg.

COUNTY OF ROCKINGHAM, VIRGINIA

BALANCE SHEET

DISCRETELY PRESENTED COMPONENT UNIT - HARRISONBURG-ROCKINGHAM

SOCIAL SERVICES DISTRICT

June 30, 2005

ASSETS	
Cash, cash equivalents and temporary cash investments	\$ 1,722,638
Trade and other accounts receivable	26,940
Accrued interest	8,527
Due from other governments	1,440,552
Total assets	\$ 3,198,657
LIABILITIES	
Accounts payable	\$ 1,322,715
Accrued payroll	121,741
Deferred revenue	210,938
Total liabilities	1,655,394
FUND BALANCE	
Unreserved, undesignated	1,543,263
Total liabilities and fund balance	\$ 3,198,657
Fund balance	\$ 1,543,263

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not current financial resources and therefore not reported in the governmental funds.

Governmental capital assets	\$ 340,783	
Less accumulated depreciation	(231,589)	
Net Capital Assets		109,194

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.

Compensated absences	(247,930)
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Net assets of governmental activities	\$ 1,404,527
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COUNTY OF ROCKINGHAM, VIRGINIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
DISCRETELY PRESENTED COMPONENT UNIT - HARRISONBURG-ROCKINGHAM
SOCIAL SERVICES DISTRICT
Year Ended June 30, 2005

Revenues:		
Use of money and property	\$	36,235
Miscellaneous		1,983,063
Appropriation from General Fund		2,154,510
Intergovernmental		10,449,895
Total revenues		<u>14,623,703</u>
Expenditures:		
Current:		
Health and social services		<u>14,794,697</u>
Total expenditures		<u>14,794,697</u>
Net change in fund balance		(170,994)
Fund balance, beginning		<u>1,714,257</u>
Fund balance, ending	\$	<u><u>1,543,263</u></u>
Net change in fund balance	\$	(170,994)
Reconciliation of amounts reported for governmental activities in the Statement of Activities:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Expenditure for capital assets	\$	62,982
Less depreciation expense		<u>(38,659)</u>
Excess of capital outlays over depreciation		24,323
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated absences		<u>(14,662)</u>
Change in net assets of governmental activities	\$	<u><u>(161,333)</u></u>

SUPPLEMENTAL SCHEDULES

GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2005

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 27,800,000	\$ 27,800,000	\$ 28,227,503	\$ 427,503
Real and personal public service corporation property taxes	1,074,500	1,074,500	909,398	(165,102)
Personal property taxes	7,122,500	7,122,500	7,124,536	2,036
Machinery and tools taxes	6,460,000	6,460,000	6,732,204	272,204
Merchants' capital taxes	750,000	750,000	724,840	(25,160)
Penalties and interest	468,000	468,000	597,655	129,655
Total general property taxes	43,675,000	43,675,000	44,316,136	641,136
Other local taxes:				
Local sales and use taxes	3,500,000	3,500,000	4,173,990	673,990
Consumer utility taxes	1,560,000	1,560,000	1,552,430	(7,570)
Utility gross receipts taxes	260,000	260,000	306,873	46,873
Bank stock taxes	13,000	13,000	16,842	3,842
Motor vehicle licenses	1,100,000	1,100,000	1,158,694	58,694
Taxes on recordation and wills	550,000	550,000	1,099,537	549,537
Hotel and motel room taxes	85,000	85,000	79,854	(5,146)
Total other local taxes	7,068,000	7,068,000	8,388,220	1,320,220
Permits, privilege fees and regulatory licenses:				
Animal licenses	17,500	17,500	17,992	492
Permits and other licenses	1,011,800	1,026,800	1,073,030	46,230
Total permits, privilege fees and regulatory licenses	1,029,300	1,044,300	1,091,022	46,722
Fines and forfeitures	191,500	191,500	167,398	(24,102)
Use of money and property:				
Revenue from use of money	400,000	400,000	619,629	219,629
Revenue from use of property	230,203	230,203	214,434	(15,769)
Total use of money and property	630,203	630,203	834,063	203,860

GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2005

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Revenue from local sources:				
Charges for services:				
Excess fees of clerk	\$ 444,000	\$ 444,000	\$ 661,314	\$ 217,314
Commonwealth attorney's fees	133,500	133,500	139,261	5,761
Law enforcement and traffic control	140,868	165,868	150,384	(15,484)
Correction and detention	882,850	882,850	1,106,780	223,930
Parks and recreation	280,000	290,000	275,613	(14,387)
Gypsy moth suppression fees	6,000	6,000	-	(6,000)
Computer services	4,500	4,500	6,145	1,645
Health	25,000	25,000	2,429	(22,571)
Garage fees	260,000	360,000	387,210	27,210
Planning and community development	4,500	4,500	7,150	2,650
Total charges for services	2,181,218	2,316,218	2,736,286	420,068
Miscellaneous	69,000	73,000	702,307	629,307
Recovered costs:				
City of Harrisonburg:				
Judicial administration	426,573	437,958	305,154	(132,804)
Public safety	995,676	1,022,249	712,267	(309,982)
Public works	195,978	201,207	140,195	(61,012)
Other entities:				
Public safety	105,384	105,384	138,845	33,461
Public works	80,000	80,000	62,981	(17,019)
Total recovered costs	1,803,611	1,846,798	1,359,442	(487,356)
Total revenue from local sources	56,647,832	56,845,019	59,594,874	2,749,855
Intergovernmental:				
Revenue from the Commonwealth:				
Non-categorical aid:				
ABC profits	54,000	54,000	30,936	(23,064)
Wine taxes	35,000	35,000	32,427	(2,573)
Mobile home titling taxes	85,000	85,000	99,731	14,731
Rental vehicle taxes	3,600	3,600	2,788	(812)
Personal property tax relief	5,700,000	5,700,000	5,450,644	(249,356)
Recordation taxes	272,000	272,000	213,823	(58,177)
Total non-categorical aid	6,149,600	6,149,600	5,830,349	(319,251)

GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2005

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Shared costs:				
Commonwealth attorney	\$ 450,000	\$ 450,000	\$ 449,649	\$ (351)
Sheriff	5,268,000	5,268,000	5,288,286	20,286
Commissioner of the revenue	192,500	192,500	196,059	3,559
Treasurer	170,000	170,000	175,393	5,393
Medical examiner	750	750	810	60
Registrar/Electoral Board	44,000	44,000	69,083	25,083
Clerk of circuit court	432,000	432,000	437,482	5,482
Jail operations	591,000	591,000	581,872	(9,128)
Total shared costs	7,148,250	7,148,250	7,198,634	50,384
Other categorical aid:				
Emergency medical services	34,000	34,000	33,689	(311)
Community corrections grant	318,185	318,185	322,440	4,255
Soil conservation	144,000	144,000	127,616	(16,384)
Fire program	72,000	105,926	105,926	-
Hazardous materials program	6,000	10,318	11,272	954
Victim witness grant	-	-	13,413	13,413
Resource officers grant	-	54,000	61,675	7,675
Methamphetamine grant	47,018	47,018	50,228	3,210
OEMS consolidated grant program	-	14,720	12,720	(2,000)
Other	-	-	910	910
Total other categorical aid	621,203	728,167	739,889	11,722
Total categorical aid	7,769,453	7,876,417	7,938,523	62,106
Total revenue from the Commonwealth	13,919,053	14,026,017	13,768,872	(257,145)

GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2005

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Intergovernmental:				
Revenue from the federal government:				
Non-categorical aid:				
Payment for federal lands	\$ 180,000	\$ 180,000	\$ 197,052	\$ 17,052
Categorical aid:				
Victim witness grant	67,278	67,278	53,654	(13,624)
FEMA funding	12,836	12,836	10,844	(1,992)
Highway safety	40,000	40,000	47,425	7,425
Welfare	-	-	99,123	99,123
Domestic violence coordinator grant	21,237	21,237	20,993	(244)
Gun violence grant	57,943	57,943	29,218	(28,725)
Weed and seed	226,812	226,812	180,246	(46,566)
LLEBG crime prevention	-	-	590	590
Community prosecution program	89,774	89,774	86,673	(3,101)
Other	288,027	521,833	312,888	(208,945)
Total categorical aid	803,907	1,037,713	841,654	(196,059)
Total revenue from the federal government	983,907	1,217,713	1,038,706	(179,007)
Total intergovernmental	14,902,960	15,243,730	14,807,578	(436,152)
Total General Fund	\$ 71,550,792	\$ 72,088,749	\$ 74,402,452	\$ 2,313,703
Special Revenue Funds:				
E911 Fund:				
Revenue from local sources:				
Other local taxes:				
Emergency telephone service taxes	\$ 626,737	\$ 626,737	\$ 511,526	\$ (115,211)
Revenue from use of money	-	-	55,302	55,302
Total revenue from local sources	626,737	626,737	566,828	(59,909)
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
COPS technology	-	494,739	-	(494,739)
VDEM joint competitive grant	-	280,000	-	(280,000)
Other	-	700,000	-	(700,000)
Total intergovernmental	-	1,474,739	-	(1,474,739)
Total E911 Fund	626,737	2,101,476	566,828	(1,534,648)

GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2005

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
Special Revenue Funds:				
Asset Forfeiture Fund:				
Revenue from local sources:				
Fines and forfeitures:				
Seized funds - judicial administration	\$ 30,000	\$ 60,000	\$ 100,483	\$ 40,483
Seized funds - public safety	30,000	65,000	73,491	8,491
Total fines and forfeitures	60,000	125,000	173,974	48,974
Revenue from use of money	-	-	2,375	2,375
Miscellaneous	-	-	335	335
Total revenue from local sources	60,000	125,000	176,684	51,684
Total Asset Forfeiture Fund	60,000	125,000	176,684	51,684
Total Special Revenue Funds	\$ 686,737	\$ 2,226,476	\$ 743,512	\$ (1,482,964)
Capital Projects Funds:				
General Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money	\$ -	\$ -	\$ 89,658	\$ 89,658
Miscellaneous	-	-	14,700	14,700
Recovered costs from City of Harrisonburg	-	-	778,954	778,954
Total revenue from local sources	-	-	883,312	883,312
Total General Capital Projects Fund	-	-	883,312	883,312
Joint Judicial Complex Fund:				
Revenue from local sources:				
Revenue from use of money	-	-	7,477	7,477
Total Joint Judicial Complex Fund	-	-	7,477	7,477
Total Capital Projects Funds	\$ -	\$ -	\$ 890,789	\$ 890,789
Permanent Fund:				
Albert K. Long Trust:				
Revenue from local sources:				
Revenue from use of money	\$ -	\$ -	\$ 396	\$ 396
Total Permanent Fund	\$ -	\$ -	\$ 396	\$ 396
Grand Total Revenues - Primary Government	\$ 72,237,529	\$ 74,315,225	\$ 76,037,149	\$ 1,721,924

GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2005

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Component Units:				
Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of property	\$ 22,000	\$ 22,000	\$ 21,365	\$ (635)
Charges for services	947,000	947,000	1,420,243	473,243
Miscellaneous	20,000	160,200	159,045	(1,155)
Appropriation from General Fund	35,219,411	35,219,411	33,174,938	(2,044,473)
Total revenue from local sources	36,208,411	36,348,611	34,775,591	(1,573,020)
Intergovernmental:				
Revenue from the Commonwealth:				
Non-categorical aid:				
Rolling stock tax	52,000	52,000	50,177	(1,823)
Categorical aid:				
State sales tax receipts	10,140,208	10,140,208	10,320,663	180,455
Basic school aid	25,851,470	25,851,470	26,057,739	206,269
Other state school funds	10,805,794	10,815,794	10,923,765	107,971
Total categorical aid	46,797,472	46,807,472	47,302,167	494,695
Total revenue from the Commonwealth	46,849,472	46,859,472	47,352,344	492,872
Revenue from the federal government:				
Categorical aid:				
National forest receipts	70,000	70,000	80,184	10,184
Title I	1,320,000	1,470,000	1,458,572	(11,428)
Title VIB	1,722,000	1,722,000	1,935,204	213,204
Other school funds	889,364	1,513,180	1,571,632	58,452
Total revenue from the federal government	4,001,364	4,775,180	5,045,592	270,412
Total intergovernmental	50,850,836	51,634,652	52,397,936	763,284
Total School Operating Fund	87,059,247	87,983,263	87,173,527	(809,736)

GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS

SCHEDULE OF REVENUES - BUDGET AND ACTUAL

Year Ended June 30, 2005

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Component Units:				
Component Unit - School Board:				
School Textbook Fund:				
Revenue from local sources:				
Charges for services	\$ -	\$ -	\$ 550	\$ 550
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Financial assistance/textbook rental	442,352	442,352	443,768	1,416
Total School Textbook Fund	442,352	442,352	444,318	1,966
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money	15,000	15,000	15,386	386
Charges for services	2,213,035	2,213,035	2,173,871	(39,164)
Total revenue from local sources	2,228,035	2,228,035	2,189,257	(38,778)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	70,000	70,000	69,117	(883)
Revenue from the federal government:				
Categorical aid:				
School food program grant	1,433,898	1,433,898	1,827,821	393,923
Total intergovernmental	1,503,898	1,503,898	1,896,938	393,040
Total School Cafeteria Fund	3,731,933	3,731,933	4,086,195	354,262
School Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money	-	-	76,832	76,832
Appropriation from Primary Government	1,487,767	1,487,767	140,239	(1,347,528)
Total revenue from local sources	1,487,767	1,487,767	217,071	(1,270,696)

GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2005

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Component Units:				
Component Unit - School Board:				
School Capital Projects Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Lottery	\$ 764,794	\$ 764,794	\$ 832,944	\$ 68,150
Other state revenues	247,439	247,439	246,727	(712)
Total intergovernmental	1,012,233	1,012,233	1,079,671	67,438
Total School Capital Projects Fund	2,500,000	2,500,000	1,296,742	(1,203,258)
School Activity Fund:				
Revenue from local sources:				
Miscellaneous	-	-	3,537,531	3,537,531
Total School Activity Funds	-	-	3,537,531	3,537,531
Massanutten Technical Center - Operating Fund:				
Revenue from local sources:				
Revenue from use of money	-	-	14,343	14,343
Charges for services	606,495	606,495	683,148	76,653
Miscellaneous	41,000	41,000	64,825	23,825
House project	45,000	45,000	50,000	5,000
Total revenue from local sources	692,495	692,495	812,316	119,821
Intergovernmental:				
Revenue from the Commonwealth	399,692	399,692	287,414	(112,278)
Revenue from the federal government	84,932	84,932	242,815	157,883
Local governments:				
Appropriation from Rockingham County	2,776,004	2,776,004	2,401,120	(374,884)
Appropriation from the City of Harrisonburg	534,207	534,207	468,051	(66,156)
Total local governments	3,310,211	3,310,211	2,869,171	(441,040)
Total intergovernmental	3,794,835	3,794,835	3,399,400	(395,435)
Total Massanutten Technical Center - Operating Fund	4,487,330	4,487,330	4,211,716	(275,614)
Massanutten Technical Center - Activity Fund:				
Revenue from local sources:				
Miscellaneous	-	-	202,140	202,140
Total Massanutten Technical Center - Activity Fund	-	-	202,140	202,140
Total Revenues - Component Unit - School Board	\$ 98,220,862	\$ 99,144,878	\$ 100,952,169	\$ 1,807,291

GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
Year Ended June 30, 2005

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Component Units:				
Component Unit - Harrisonburg-Rockingham				
Social Services District:				
Revenue from local sources:				
Revenue from use of money	\$ -	\$ -	\$ 36,235	\$ 36,235
Miscellaneous:				
City of Harrisonburg share	1,771,520	1,771,645	1,774,175	2,530
Other	133,370	133,370	208,888	75,518
Total miscellaneous	1,904,890	1,905,015	1,983,063	78,048
Appropriation from the General Fund	1,911,353	2,154,510	2,154,510	-
Total revenue from local sources	3,816,243	4,059,525	4,173,808	114,283
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Social services administration:				
Public assistance and administration	2,243,049	2,678,357	2,305,594	(372,763)
Comprehensive Services Act	3,794,044	4,271,811	3,639,558	(632,253)
Total revenue from the Commonwealth	6,037,093	6,950,168	5,945,152	(1,005,016)
Revenue from the federal government:				
Categorical aid:				
Social services administration:				
Welfare	4,629,810	5,060,983	4,504,743	(556,240)
Total intergovernmental	10,666,903	12,011,151	10,449,895	(1,561,256)
Total Revenues - Component Unit - Harrisonburg-Rockingham Social Services District	\$ 14,483,146	\$ 16,070,676	\$ 14,623,703	\$ (1,446,973)
Grand Total Revenues - Component Units	\$ 112,704,008	\$ 115,215,554	\$ 115,575,872	\$ 360,318

GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
Year Ended June 30, 2005

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
General government administration:				
Legislative:				
Board of Supervisors	\$ 151,990	\$ 151,990	\$ 157,905	\$ 5,915
General and financial:				
Executive administration	363,875	363,875	360,244	(3,631)
Legal services	292,473	292,473	274,985	(17,488)
Independent auditor	63,250	63,250	61,628	(1,622)
Commissioner of the revenue	617,030	617,030	614,854	(2,176)
Reassessment and equalization	279,140	279,140	139,783	(139,357)
Treasurer	473,329	473,329	457,156	(16,173)
Fiscal services	570,374	570,374	566,236	(4,138)
Human resources	168,074	173,374	170,374	(3,000)
Information systems	949,916	949,916	815,307	(134,609)
Land use assessment	43,537	43,537	42,772	(765)
Central switchboard	60,252	60,252	61,285	1,033
Total general and financial	3,881,250	3,886,550	3,564,624	(321,926)
Board of elections:				
Electoral board and officials	54,711	85,948	77,927	(8,021)
Registrar	103,288	103,288	103,448	160
Total board of elections	157,999	189,236	181,375	(7,861)
Total general government administration	4,191,239	4,227,776	3,903,904	(323,872)
Judicial administration:				
Courts:				
Circuit court	181,152	181,152	166,280	(14,872)
General district court	13,950	13,950	16,680	2,730
Juvenile and domestic relations court	30,238	30,238	21,723	(8,515)
Clerk of the circuit court	697,704	1,041,967	718,297	(323,670)
Department of court services	829,445	846,945	629,497	(217,448)
Total courts	1,752,489	2,114,252	1,552,477	(561,775)
Commonwealth attorney	854,509	854,509	848,722	(5,787)
Total judicial administration	2,606,998	2,968,761	2,401,199	(567,562)

GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
Year Ended June 30, 2005

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 4,353,716	\$ 4,676,329	\$ 4,554,713	\$ (121,616)
Fire and rescue services:				
Fire department	2,458,750	2,837,097	2,665,358	(171,739)
Volunteer fire companies	459,923	461,923	451,859	(10,064)
Ambulance and rescue squads	395,647	410,597	393,435	(17,162)
Fire extinction service	14,366	14,366	13,593	(773)
Total fire and rescue services	3,328,686	3,723,983	3,524,245	(199,738)
Correction and detention:				
County operated institutions	5,162,400	5,171,931	5,180,981	9,050
Building inspections	452,741	552,743	555,283	2,540
Other protection:				
Animal control	179,689	679,689	679,395	(294)
Emergency services	78,584	86,584	95,522	8,938
Total other protection	258,273	766,273	774,917	8,644
Total public safety	13,555,816	14,891,259	14,590,139	(301,120)
Public works:				
General administration	57,367	57,367	53,485	(3,882)
Road viewers	320	320	-	(320)
Garage operations	351,151	451,151	463,075	11,924
Maintenance:				
General properties	239,648	245,648	246,860	1,212
Courthouse	180,849	189,349	192,222	2,873
County office building	89,310	89,310	81,137	(8,173)
Extension/central garage building	30,156	30,156	29,035	(1,121)
Human Services/Health department building	130,158	133,887	110,397	(23,490)
TV translator system	59,800	59,800	46,620	(13,180)
County administration complex	209,250	209,250	195,345	(13,905)
District courts	237,372	263,267	265,050	1,783
Sheriff department	154,259	167,687	173,721	6,034
Total public works	1,739,640	1,897,192	1,856,947	(40,245)

GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
Year Ended June 30, 2005

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Health and social services:				
Health:				
Supplement to local health department	\$ 548,686	\$ 548,686	\$ 525,473	\$ (23,213)
Mental health and mental retardation:				
Community Services Board	279,519	279,519	279,519	-
Social services:				
Property tax relief for elderly/handicapped	152,500	152,500	112,467	(40,033)
Appropriation to the Harrisonburg-Rockingham Social Services District	1,911,353	2,154,510	2,154,510	-
Institutional care	211,019	211,019	211,136	117
Total health and social services	3,103,077	3,346,234	3,283,105	(63,129)
Education:				
Appropriation to the Rockingham County School Board	35,219,411	35,219,411	33,174,938	(2,044,473)
Total education	35,219,411	35,219,411	33,174,938	(2,044,473)
Parks, recreation and cultural:				
Parks and recreation:				
Administration	124,962	124,962	121,341	(3,621)
Maintenance	178,025	181,754	171,144	(10,610)
Athletic events/programs	733,730	753,730	759,339	5,609
Total parks and recreation	1,036,717	1,060,446	1,051,824	(8,622)
Cultural:				
Regional library	635,000	645,000	645,000	-
Total parks, recreation and cultural	1,671,717	1,705,446	1,696,824	(8,622)
Community development:				
Planning and community development	606,498	608,803	533,320	(75,483)
Geographic information systems	168,838	168,838	137,396	(31,442)
Economic development	1,039,008	1,039,008	1,005,672	(33,336)
Soil and water conservation district	171,356	171,356	157,937	(13,419)
Cooperative extension program	168,384	202,184	132,287	(69,897)
Gypsy moth program	12,000	12,000	1,952	(10,048)
Erosion and sediment control	115,502	120,502	114,081	(6,421)
Contributions, grants, and other	1,020,528	820,197	460,900	(359,297)
Total community development	3,302,114	3,142,888	2,543,545	(599,343)

GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
Year Ended June 30, 2005

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Debt service:				
Principal - County	\$ 421,035	\$ 421,035	\$ 421,035	\$ -
Principal - School Board	2,942,110	2,942,110	2,942,111	1
Total principal	3,363,145	3,363,145	3,363,146	1
Interest and fiscal charges - County	291,399	291,399	290,519	(880)
Interest and fiscal charges - School Board	2,034,199	2,138,199	2,135,591	(2,608)
Total interest and fiscal charges	2,325,598	2,429,598	2,426,110	(3,488)
Total debt service	5,688,743	5,792,743	5,789,256	(3,487)
Total General Fund	\$ 71,078,755	\$ 73,191,710	\$ 69,239,857	\$ (3,951,853)
Special Revenue Funds:				
E911 Fund:				
Public safety:				
E911 communication system	\$ 626,737	\$ 5,535,476	\$ 3,797,706	\$ (1,737,770)
Debt service:				
Interest and fiscal charges	-	-	132,926	132,926
Total E911 Fund	626,737	5,535,476	3,930,632	(1,604,844)
Asset Forfeiture Fund:				
Public safety:				
Law enforcement	80,000	190,000	174,975	(15,025)
Total Asset Forfeiture Fund	80,000	190,000	174,975	(15,025)
Total Special Revenue Funds	\$ 706,737	\$ 5,725,476	\$ 4,105,607	\$ (1,619,869)
Capital Projects Funds:				
General Capital Projects Fund:				
Capital projects	\$ 5,936,000	\$ 7,170,675	\$ 4,421,217	\$ (2,749,458)
Total General Capital Projects Fund	5,936,000	7,170,675	4,421,217	(2,749,458)
Joint Judicial Complex Fund:				
Debt service:				
Interest and fiscal charges	-	-	4,349	4,349
Total Joint Judicial Complex Fund	-	-	4,349	4,349
Total Capital Projects Funds	\$ 5,936,000	\$ 7,170,675	\$ 4,425,566	\$ (2,745,109)
Grand Total Expenditures - Primary Government	\$ 77,721,492	\$ 86,087,861	\$ 77,771,030	\$ (8,316,831)

GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
Year Ended June 30, 2005

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Component Units:				
Component Unit - School Board:				
School Operating Fund:				
Education:				
Instruction	\$ 70,021,594	\$ 70,939,010	\$ 70,571,270	\$ (367,740)
Administration, attendance and health	3,241,329	3,247,929	3,164,762	(83,167)
Pupil transportation services	6,151,805	6,151,805	6,237,296	85,491
Operation and maintenance services	7,644,519	7,644,519	7,200,199	(444,320)
Total School Operating Fund	87,059,247	87,983,263	87,173,527	(809,736)
School Textbook Fund:				
Education:				
Purchase of textbooks	896,433	896,433	767,032	(129,401)
Total School Textbook Fund	896,433	896,433	767,032	(129,401)
School Cafeteria Fund:				
Education:				
School food services	3,828,100	3,828,100	4,020,121	192,021
Total School Cafeteria Fund	3,828,100	3,828,100	4,020,121	192,021
School Capital Projects Fund:				
Capital projects	11,000,000	11,000,000	10,103,317	(896,683)
Total School Capital Projects Fund	11,000,000	11,000,000	10,103,317	(896,683)
School Activity Funds:				
Education:				
School activities	-	-	3,540,689	3,540,689
Total School Activity Funds	-	-	3,540,689	3,540,689

GOVERNMENTAL FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
Year Ended June 30, 2005

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Component Units:				
Component Unit - School Board:				
Massanutten Technical Center - Operating Fund:				
Education:				
Secondary	\$ 3,033,103	\$ 3,033,103	\$ 2,848,988	\$ (184,115)
Continuing education	828,176	828,176	787,805	(40,371)
Dayton Learning Center	609,171	609,171	574,923	(34,248)
Total education	4,470,450	4,470,450	4,211,716	(258,734)
Debt service:				
Principal	13,400	13,400	-	(13,400)
Interest	3,480	3,480	-	(3,480)
Total debt service	16,880	16,880	-	(16,880)
Total Massanutten Technical Center - Operating Fund	4,487,330	4,487,330	4,211,716	(275,614)
Massanutten Technical Center - Activity Fund:				
Education:				
School activities	-	-	201,841	201,841
Total Massanutten Technical Center - Activity Fund	-	-	201,841	201,841
Total Expenditures - Component Unit - School Board	\$ 107,271,110	\$ 108,195,126	\$ 110,018,243	\$ 1,823,117
Component Unit - Harrisonburg-Rockingham				
Social Services District:				
Social services:				
Public assistance	\$ 4,107,422	\$ 4,958,235	\$ 4,124,818	\$ (833,417)
Comprehensive Services Act	5,967,592	6,696,445	6,362,925	(333,520)
Administration:				
Welfare	4,124,730	4,124,730	4,051,725	(73,005)
Food stamp	268,785	268,785	237,799	(30,986)
Fuel assistance	22,481	22,481	17,430	(5,051)
Total Expenditures - Component Unit - Harrisonburg-Rockingham Social Services District	\$ 14,491,010	\$ 16,070,676	\$ 14,794,697	\$ (1,275,979)
Grand Total Expenditures - Component Units	\$ 121,762,120	\$ 124,265,802	\$ 124,812,940	\$ 547,138

STATISTICAL SECTION

COUNTY OF ROCKINGHAM, VIRGINIA

GOVERNMENTAL REVENUES BY SOURCE (1) Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees and Regulatory Licenses	Fines and Forfeitures	Use of Money and Property	Charges for Services	(2)		Recovered Costs	Inter- governmental (3)	Totals
							Miscellaneous				
1995-96	\$ 29,076,353	\$ 5,490,456	\$ 338,617	\$ 64,386	\$ 1,175,389	\$ 2,455,622	\$ 476,598	\$	\$ 377,670	\$ 36,668,340	\$ 76,123,431
1996-97	31,147,076	5,582,003	323,661	120,111	1,201,870	2,960,323	1,155,076		501,223	40,292,089	83,283,432
1997-98	33,389,208	5,777,552	358,328	170,214	1,411,134	3,365,074	394,674		793,415	42,182,361	87,841,960
1998-99	35,921,902	6,366,226	585,878	197,379	1,448,251	3,568,269	114,288		791,457	43,619,184	92,612,834
1999-00	36,602,625	6,823,283	432,093	245,756	1,857,432	4,036,513	524,850		1,198,966	52,680,152	104,401,670
2000-01	36,802,773	7,388,875	529,528	179,883	2,045,364	4,505,870	1,071,610		1,416,419	57,522,918	111,463,240
2001-02	37,629,080	7,234,718	564,038	198,166	1,026,420	5,058,387	386,095		1,485,705	58,255,088	111,837,697
2002-03	41,485,976	7,599,937	566,961	280,512	798,738	5,431,639	231,767		1,439,817	60,936,858	118,772,205
2003-04	43,549,045	7,874,776	883,449	272,038	632,105	5,794,010	226,896		1,913,080	64,238,234	125,383,633
2004-05	44,316,136	8,899,746	1,091,022	341,372	1,102,854	6,330,950	876,387		2,138,396	70,625,891	135,722,754

Notes:

- (1) Includes governmental funds of the primary government and the School Operating, School Textbook, School Cafeteria and School Capital Projects Funds of the discretely presented component unit - School Board.
- (2) Includes \$1,017,000 Trigon demutualization in fiscal year 1996-97.
- (3) In fiscal year 1999-00, the County began receiving funds from the Commonwealth of Virginia for personal property taxes under the Personal Property Tax Relief Act.

COUNTY OF ROCKINGHAM, VIRGINIA

GOVERNMENTAL EXPENDITURES BY FUNCTION (1)

Last Ten Fiscal Years

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Social Services	Education	Parks, Recreation and Cultural	Community Development	Debt Service	Totals
					(2)	(3)				
1995-96	\$ 1,847,024	\$ 1,098,749	\$ 6,365,687	\$ 971,929	\$ 633,574	\$ 52,585,077	\$ 791,430	\$ 1,094,750	\$ 6,179,303	\$ 71,567,523
1996-97	2,229,345	1,275,690	7,196,375	942,690	656,372	56,400,866	865,184	719,385	7,334,356	77,620,263
1997-98	2,612,726	1,385,291	8,175,896	1,040,129	724,899	60,338,677	1,036,950	799,750	8,078,295	84,192,613
1998-99	2,905,821	1,571,550	9,140,743	1,167,082	747,446	62,733,572	1,163,826	1,191,790	6,742,804	87,364,634
1999-00	2,844,829	1,743,050	10,396,069	1,494,111	1,126,409	68,181,409	1,140,002	1,451,244	6,686,951	95,064,074
2000-01	3,303,140	1,995,772	11,529,163	1,629,314	921,677	73,508,529	1,276,111	1,345,459	7,373,335	102,882,500
2001-02	3,534,242	2,224,122	12,357,708	1,695,038	2,473,227	76,564,304	1,424,179	1,338,739	8,229,407	109,840,966
2002-03	3,680,361	2,374,371	12,677,941	1,778,941	2,649,174	80,176,641	1,424,179	1,338,739	7,143,975	113,244,322
2003-04	3,744,157	2,399,019	13,545,603	1,741,907	2,963,451	84,917,419	1,513,347	2,164,328	6,202,546	119,191,777
2004-05	3,903,904	2,401,199	18,562,820	1,856,947	3,283,105	91,960,680	1,696,824	2,543,545	5,926,531	132,135,555

Notes:

- (1) Includes governmental funds of the primary government and the School Operating, School Textbook and School Cafeteria Funds of the discretely presented component unit - School Board.
- (2) Beginning in fiscal year 2001-02, the transfers made to the Harrisonburg-Rockingham Social Services District are included with the expenditures.
- (3) Does not include the amount listed as education from the General Fund.

COUNTY OF ROCKINGHAM, VIRGINIA

ASSESSED VALUATION OF ALL TAXABLE PROPERTY

Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Merchants' Capital	Public Service	Farm Machinery	Totals
	(4) (5)	(1) (7)	(5)	(2)	(3)	(6)	(2)	
1995-96	\$ 2,637,240,919	\$ 272,308,179	\$ 25,225,152	\$ 116,047,216	\$ 41,613,448	\$ 136,471,845	\$ 56,695,000	\$ 3,285,601,759
1996-97	2,716,013,280	308,436,357	26,748,088	132,018,157	60,060,920	114,339,118	56,693,182	3,414,309,102
1997-98	2,927,956,277	322,393,107	28,832,647	151,219,373	59,871,954	124,066,176	56,816,591	3,671,156,125
1998-99	3,172,194,684	341,038,643	34,683,088	149,954,510	66,168,621	151,387,500	55,772,045	3,971,199,091
1999-00	3,279,291,613	365,497,000	37,360,588	169,290,980	67,291,724	138,518,902	57,764,545	4,115,015,352
2000-01	3,362,967,932	389,022,750	38,189,014	177,263,451	79,421,034	138,363,944	58,448,182	4,243,676,307
2001-02	3,655,016,981	404,556,500	38,884,366	173,010,824	91,334,943	146,887,183	65,246,818	4,574,937,615
2002-03	3,948,689,179	433,302,607	26,956,056	221,230,510	88,292,759	171,216,901	67,800,909	4,957,488,921
2003-04	4,081,661,738	448,176,357	27,455,915	252,397,922	87,708,276	141,545,493	71,100,227	5,110,045,928
2004-05	4,183,152,859	438,746,500	27,565,775	265,726,549	83,872,874	126,442,535	72,140,227	5,197,647,319

Notes:

- (1) Assessed at 100% of average loan value as determined by NADA.
- (2) Assessed at 100% of depreciated value.
- (3) Assessed at 100% of inventory reported as of January 1 of tax year.
- (4) Includes assessed valuation of lands subject to land use taxation.
- (5) Assessed at 100% fair market value. Reassessments effective January 1, 1994, 1998 and 2002.
- (6) Includes real estate and personal property. Assessed values are established by the State Corporation Commission.
- (7) Beginning in fiscal year 1999-00, personal property taxes include personal property tax relief from the Commonwealth of Virginia.

COUNTY OF ROCKINGHAM, VIRGINIA

PROPERTY TAX RATES PER \$100 OF ASSESSED VALUE DIRECT AND OVERLAPPING GOVERNMENTS Last Ten Fiscal Years

Rockingham County

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Merchants' Capital	Farm Machinery
(1)						
1995-96	\$ 0.66/0.68	\$ 2.80	\$ 0.66	\$ 2.55	\$ 0.87	\$ 0.44
1996-97	0.68/0.68	2.80	0.68	2.55	0.87	0.44
1997-98	0.68/0.68	2.80	0.68	2.55	0.87	0.44
1998-99	0.68/0.68	2.80	0.68	2.55	0.87	0.44
1999-00	0.68/0.71	2.80	0.68	2.55	0.87	0.44
2000-01	0.71/0.71	2.80	0.71	2.55	0.87	0.44
2001-02	0.71/0.71	2.80	0.71	2.55	0.87	0.44
2002-03	0.71/0.71	2.80	0.71	2.55	0.87	0.44
2003-04	0.71/0.71	2.80	0.71	2.55	0.87	0.44
2004-05	0.71/0.71	2.80	0.71	2.55	0.87	0.44

Notes:

- (1) Public Service Corporations are taxed at the real estate and the personal property tax rates for those classes of assessed values established by the State Corporation Commission.

Overlapping Governments

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Merchants' Capital	Farm Machinery
1995-96	\$ 0.05-0.17	\$ 0.085-0.75	\$ 0.085-0.17	\$ 0.30-0.75	-	-
1996-97	0.05-0.17	0.085-0.75	0.085-0.17	0.30-0.75	-	-
1997-98	0.05-0.17	0.20-0.75	0.17	0.30-0.75	-	-
1998-99	0.05-0.17	0.20-0.75	0.11-0.17	0.30-0.75	-	-
1999-00	0.05-0.17	0.20-0.75	0.07-0.17	0.30-0.75	-	-
2000-01	0.05-0.17	0.20-0.75	0.07-0.17	0.30-0.75	0.30	0.30
2001-02	0.05-0.16	0.20-0.75	0.07-0.16	0.30-0.75	0.30	0.30
2002-03	0.05-0.16	0.20-0.75	0.07-0.16	0.30-0.75	0.30	0.30
2003-04	0.05-0.16	0.20-0.75	0.07-0.16	0.30-0.75	0.30	0.30
2004-05	0.05-0.16	0.20-0.75	0.07-0.16	0.30-0.75	0.30	0.30

The above table shows ranges of tax rates since individual towns set varying rates. People residing in the following Towns pay property taxes to the Town in addition to the taxes paid to the County. The Towns included in the above table include Bridgewater, Broadway, Dayton, Elkton, Grottoes, Mt. Crawford, and Timberville.

COUNTY OF ROCKINGHAM, VIRGINIA

PROPERTY TAX LEVIES AND COLLECTIONS Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1) (4)	Current Tax Collections (1) (4)	Percent of Levy Collected	Delinquent Tax Collections (1) (2)	Total Tax Collections (1) (2)	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1) (2) (3)	Percent of Delinquent Taxes to Levy
1995-96	\$ 28,737,323	\$ 27,437,170	95.48%	\$ 992,117	\$ 28,429,287	98.93%	\$ 2,062,759	7.18%
1996-97	30,982,108	29,599,153	95.54%	956,305	30,555,458	98.62%	2,312,989	7.47%
1997-98	33,115,770	31,728,965	95.81%	1,045,658	32,774,623	98.97%	2,552,565	7.71%
1998-99	35,552,726	34,074,123	95.84%	1,264,884	35,339,007	99.40%	2,516,715	7.08%
1999-00	37,930,634	36,342,343	95.81%	1,395,963	37,738,306	99.49%	2,482,228	6.54%
2000-01	40,019,915	38,497,814	96.20%	1,146,533	39,644,347	99.06%	2,811,602	7.03%
2001-02	42,448,123	41,123,190	96.88%	1,215,559	42,338,749	99.74%	2,884,941	6.80%
2002-03	46,682,254	45,114,004	96.64%	1,387,474	46,501,478	99.61%	2,993,225	6.41%
2003-04	48,523,838	47,052,027	96.97%	1,583,256	48,635,283	100.23%	2,928,421	6.04%
2004-05	49,226,954	47,857,878	97.22%	1,316,034	49,173,912	99.89%	2,901,541	5.89%

Notes:

- (1) Exclusive of penalties and interest.
- (2) Does not include land redemption.
- (3) Includes three most current delinquent tax years and first half of current tax year.
- (4) Includes personal property tax relief from the Commonwealth of Virginia.

COUNTY OF ROCKINGHAM, VIRGINIA

RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA Last Ten Fiscal Years

Fiscal Year	Population	Assessed Value (in Thousands)	Gross Bonded Debt	Less: Portion of Debt Assumed by City of Harrisonburg	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
	(1)	(3)	(2)	(4)			
1995-96	62,600	\$ 3,285,602	\$ 36,894,879	\$ 89,951	\$ 36,804,928	0.0112	\$ 588
1996-97	63,600	3,414,309	41,890,334	37,843	41,852,491	0.0123	658
1997-98	64,500	3,671,156	42,546,321	28,309	42,518,012	0.0116	659
1998-99	65,000	3,971,199	48,901,009	18,776	48,882,233	0.0123	752
1999-00	64,400	4,115,015	43,575,699	9,242	43,566,457	0.0106	676
2000-01	67,725	4,243,676	43,668,148	4,621	43,663,527	0.0103	645
2001-02	69,000	4,574,938	39,388,005	-	39,388,005	0.0086	571
2002-03	69,200	4,957,489	35,078,263	-	35,078,263	0.0071	507
2003-04	70,400	5,110,046	36,628,061	-	36,628,061	0.0072	520
2004-05	70,400	5,197,647	33,685,950	-	33,685,950	0.0065	478

Notes:

- (1) Weldon Cooper Center for Public Service, University of Virginia population estimates as of July 1 for all years.
- (2) Includes all long-term general obligation bonds and state literary fund loans and excludes lease revenue note and capital leases.
- (3) Real property was assessed at 100% of fair market value.
- (4) In accordance with Annexation Court Order.

COUNTY OF ROCKINGHAM, VIRGINIA

**PERCENT OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES
Last Ten Fiscal Years**

Fiscal Year	Principal (2)	Interest (2)	Total Debt Service	Total General Expenditures (1) (2)	Percent of Debt Service To Total General Expenditures
1995-96	\$ 2,951,412	\$ 1,983,171	\$ 4,934,583	\$ 71,567,523	6.9%
1996-97	3,641,016	2,362,663	6,003,679	77,620,263	7.7%
1997-98	3,751,002	2,471,393	6,222,395	84,192,613	7.4%
1998-99	3,635,779	2,370,241	6,006,020	87,364,634	6.9%
1999-00	3,737,000	2,172,232	5,909,232	95,064,074	6.2%
2000-01	4,093,273	2,507,451	6,600,724	102,882,500	6.4%
2001-02	5,043,772	2,461,755	7,505,527	109,840,966	6.8%
2002-03	4,309,742	2,101,206	6,410,948	113,244,322	5.7%
2003-04	3,528,195	1,900,405	5,428,600	119,191,777	4.6%
2004-05	2,942,111	1,998,198	4,940,309	132,135,555	3.7%

Notes:

- (1) Includes governmental funds of the primary government and the School Operating, School Textbook and School Cafeteria Funds of the discretely presented component unit - School Board.
- (2) Includes payment of all long-term general obligation bonds and state literary fund loans.

COUNTY OF ROCKINGHAM, VIRGINIA

DIRECT AND OVERLAPPING BONDED DEBT
Last Ten Fiscal Years

Fiscal Year	Rockingham County Gross Bonded Debt		Less: Portion of Debt Assumed by City of Harrisonburg		Rockingham County Net Bonded Debt		Overlapping Gross Bonded Debt	
	(1)							
1995-96	\$	36,894,879	\$	89,951	\$	36,804,928	\$	3,263,345
1996-97		41,890,334		37,843		41,852,491		3,221,220
1997-98		42,546,321		28,309		42,518,012		3,718,131
1998-99		48,901,009		18,776		48,882,233		8,775,804
1999-00		43,575,699		9,242		43,566,457		7,683,137
2000-01		43,668,148		4,621		43,663,527		7,188,044
2001-02		39,388,005		-		39,388,005		7,884,911
2002-03		35,078,263		-		35,078,263		7,635,483
2003-04		36,628,061		-		36,628,061		7,163,488
2004-05		33,685,950		-		33,685,950		6,353,617

Notes:

- (1) Includes all long-term general obligation bonds and state literary fund loans.
- (2) Overlapping debt is attributed to the following towns: Bridgewater, Broadway, Dayton, Elkton, Grottoes and Timberville.

COUNTY OF ROCKINGHAM, VIRGINIA

**REVENUE BOND COVERAGE
WATER AND SEWER FUND
Last Ten Fiscal Years (3)**

Fiscal Year	Gross Revenue	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Totals	
	(1)	(2)					
1995-96	\$ 1,338,211	\$ 798,355	\$ 539,856	\$ 18,429	\$ 26,244	\$ 44,673	12.08
1996-97	1,492,029	941,228	550,801	19,399	25,274	44,673	12.33
1997-98	1,530,804	981,691	549,113	20,422	24,251	44,673	12.29
1998-99	1,746,775	1,059,829	686,946	21,497	23,176	44,673	15.38
1999-00	1,836,538	1,178,799	657,739	22,629	22,044	44,673	14.72
2000-01	1,893,123	1,464,886	428,237	23,822	20,851	44,673	9.59
2001-02	2,068,316	1,467,170	601,146	25,076	19,597	44,673	13.46
2002-03	2,478,909	1,577,982	900,927	26,397	18,276	44,673	20.17
2003-04	2,913,794	1,836,002	1,077,792	411,375	82,810	494,185	2.18
2004-05	4,244,541	2,007,611	2,236,930	1,687,879	154,030	1,841,909	1.21

Notes:

- (1) Total revenues (including interest) exclusive of gains on sales of capital assets.
- (2) Total operating expenses exclusive of depreciation, interest expenses and losses on sales of capital assets.
- (3) Revenue bond obtained in fiscal year 1993. Rates were increased in fiscal year 1994 to provide revenue bond coverage.
- (4) Revenue bond and tax-exempt interim note obtained in 2004.

COUNTY OF ROCKINGHAM, VIRGINIA

PRINCIPAL TAXPAYERS (1)
Fiscal Year Ended June 30, 2005

Company	Industry	Amount
1. Adolph Coors Co.	Brewery	\$ 2,165,706
2. Merck & Co., Inc.	Chemical	1,557,128
3. Great Eastern Mgmt.	Resort	1,259,862
4. Morningstar Foods	Dairy	734,391
5. Cargill	Poultry Processing	642,093
5. R.R. Donnelley & Sons Co.	Printing	640,761
7. Marshall's	Retail Distributor	544,475
8. Pilgrims Pride	Poultry Processing	474,847
9. Perdue	Poultry Processing	408,515
10. Sysco	Wholesale Food	370,096
Total		<u>\$ 8,797,874</u>

Percent of total General Property Taxes 19.9%

(1) Ranking based on total property taxes paid.

COUNTY OF ROCKINGHAM, VIRGINIA

PROPERTY VALUE, CONSTRUCTION, AND BANK DEPOSITS

Last Ten Calendar Years

Calendar Year	Bank Deposits in Thousands (1) (4)	Building Permits (2) (5)					Assessed Property Value (3)			Nontaxable
		Number of Units	Commercial/ Industrial Construction	Number of Units	Residential Construction	Commercial	Residential			
1995	\$ 359,363	128	\$ 28,660,026	955	\$ 41,360,460	\$ 755,309,630	\$ 1,690,762,840	\$ 279,938,900		
1996	379,699	109	16,974,863	844	42,667,815	973,053,222	1,671,354,236	297,005,870		
1997	395,020	154	26,562,932	881	47,444,181	1,106,177,848	1,884,451,178	335,699,185		
1998	395,020	126	54,185,758	1,000	60,054,067	1,236,931,709	2,030,118,900	368,772,100		
1999	404,935	56	36,057,737	938	60,696,708	1,273,885,100	2,101,026,485	380,554,150		
2000	450,864	58	19,598,882	1,228	103,368,578	1,011,393,355	2,166,064,895	393,529,000		
2001	482,493	340	26,126,383	1,885	188,872,335	1,059,130,705	2,391,599,440	436,064,450		
2002	515,000	96	28,652,732	467	60,697,449	1,136,596,330	2,604,430,300	475,754,100		
2003	533,000	124	32,404,656	447	63,822,103	1,180,380,943	2,687,237,120	487,552,950		
2004	542,000	102	113,826,957	785	128,524,567	1,219,755,630	2,713,488,470	561,985,950		

Notes:

- (1) Source - "Branch Deposits for Financial Institutions" in Virginia produced by Financial Institute Data Exchange.
- (2) Source - County of Rockingham Department of Public Works and Department of Community Development.
- (3) Source - County of Rockingham Commissioner of the Revenue.
- (4) Source - Federal Reserve Bank of Richmond.
- (5) Source - Weldon Cooper Center for Public Service.

COUNTY OF ROCKINGHAM, VIRGINIA

DEMOGRAPHIC STATISTICS

Last Ten Calendar Years

Calendar Year	Population		Per Capita Income	School Enrollment	Unemployment Rate Percentage
	(1)		(2)	(3)	(4)
1995	62,600	\$	18,993	10,203	2.8%
1996	63,600		18,327	10,373	2.0%
1997	64,500		19,750	10,479	1.8%
1998	65,000		20,580	10,580	1.0%
1999	64,400		22,072	10,570	0.9%
2000	67,725		23,262	10,693	1.9%
2001	69,000		23,262	10,720	1.9%
2002	69,200		22,945	10,891	2.7%
2003	70,400		23,270	10,781	2.5%
2004	70,400		24,240	10,860	2.5%

Notes:

- (1) Weldon Cooper Center for Public Service, University of Virginia population estimate for all years.
- (2) Source - Bureau of Economic Analysis.
- (3) Source - County of Rockingham School Division.
- (4) Virginia Employment Commission - Harrisonburg/Rockingham County Branch.

COUNTY OF ROCKINGHAM, VIRGINIA

MISCELLANEOUS STATISTICS

Year Ended June 30, 2005

Form of Government:	Traditional - County Administrator	
Land Area:		853.65 sq. miles
Miles of Roads and Streets:	Interstate	44
	Primary	159
	Secondary	885
Fire Protection:	Number of stations (including substations)	13
	Number of firemen and officers (exclusive of volunteers)	43
Police Protection:	Number of stations	1
	Number of deputies	156
Education:	Number of schools	20
	Number of students	10,860
	Number of full-time instructional personnel	1,411
Water System:	Number of customers	2,917
	Linear feet of water lines	394,969
	Average monthly usage (gallons)	36,650,733
Sewer System:	Number of customers	2,715
	Linear feet of sewer lines	330,799
	Average monthly usage (gallons)	37,309,686
Building Permits:	Total number issued	887
	Value of permits	\$ 242,351,524
Employees:	Number of full-time equivalent positions for the primary government and for the School, School Textbook and School Cafeteria Funds, of the discretely presented component unit - School Board.	2,334

COMPLIANCE SECTION

COUNTY OF ROCKINGHAM, VIRGINIA

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2005

Federal Grantor/State Pass-Through Grantor/ Program Title	Federal CFDA Number	Expenditures
DEPARTMENT OF AGRICULTURE:		
<u>Direct payments:</u>		
<u>Department of Agriculture:</u>		
Cooperative Law Enforcement	10.000	\$ 6,664
<u>Pass-through payments:</u>		
<u>Department of Social Services:</u>		
State Administrative Matching Grants for Food Stamp Program	10.561	488,416
<u>Department of Agriculture and Consumer Services:</u>		
Plant, Pest, and Disease Control	10.644	1,687
Commodity Distributions	10.555	324,371
		326,058
<u>Department of Education:</u>		
Child Nutrition Cluster:		
School Breakfast Program	10.553	258,308
National School Lunch Program	10.555	1,245,142
Schools and Roads - Grants to States	10.665	80,184
		1,583,634
Total Department of Agriculture		2,404,772
DEPARTMENT OF TRANSPORTATION:		
<u>Pass-through payments:</u>		
<u>Department of Motor Vehicles:</u>		
State and Community Highway Safety	20.000	40,761
Total Department of Transportation		40,761
SOCIAL SECURITY ADMINISTRATION:		
<u>Direct payments:</u>		
<u>Social Security Administration:</u>		
Reward for Incarceration Notification	96.000	3,600
Total Social Security Administration		3,600

COUNTY OF ROCKINGHAM, VIRGINIA

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2005

Federal Grantor/State Pass-Through Grantor/ Program Title	Federal CFDA Number	Expenditures
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE:		
<u>Pass-through payments:</u>		
<u>Department of Social Services:</u>		
AmeriCorps	94.006	\$ 7,787
Total Corporation for National and Community Service		7,787
DEPARTMENT OF HEALTH AND HUMAN SERVICES:		
<u>Direct payments:</u>		
<u>Department of Social Services:</u>		
General Relief Assistance	93.000	40,052
<u>Pass-through payments:</u>		
<u>Department of Health:</u>		
Rural Access to Emergency Devices	93.259	12,950
<u>Department of Social Services:</u>		
Promoting Safe and Stable Families	93.556	33,153
Temporary Assistance to Needy Families	93.558	645,164
Refugee and Entrant Assistance - State Administered Programs	93.566	701
Low-Income Home Energy Assistance	93.568	15,787
Child Care Cluster:		
Child Care and Development Block Grant	93.575	427,099
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	394,851
Refugee and Entrant Assistance - Discretionary Grants	93.576	14,878
Adoption Incentive Payments	93.603	850
Foster Care - Title IV-E	93.658	1,319,874
Adoption Assistance	93.659	233,641
Social Services Block Grant	93.667	546,208
Chafee Foster Care Independent Living	93.674	31,774
Medical Assistance Program (Medicaid; Title XIX)	93.778	418,509
		4,082,489
Total Department of Health and Human Services		4,135,491

COUNTY OF ROCKINGHAM, VIRGINIA

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2005

Federal Grantor/State Pass-Through Grantor/ Program Title	Federal CFDA Number	Expenditures
DEPARTMENT OF JUSTICE, OFFICE OF JUSTICE PROGRAMS, BUREAU OF JUSTICE ASSISTANCE:		
<u>Direct payments:</u>		
<u>Department of Criminal Justice:</u>		
Executive Office for Weed and Seed	16.595	\$ 180,246
State Criminal Alien Assistance Program	16.606	55,401
Community Prosecution and Project Safe Neighborhoods	16.609	125,891
		<u>361,538</u>
<u>Pass-through payments:</u>		
<u>Department of Criminal Justice Services:</u>		
Violence Against Women Formula Grants	16.588	20,993
Byrne Formula Grant Program	16.579	37,095
Crime Victim Assistance - Discretionary Grants	16.582	53,654
Local Law Enforcement Block Grants Program	16.592	590
		<u>112,332</u>
Total Department of Justice, Office of Justice Programs, Bureau of Justice Assistance		<u>473,870</u>
DEPARTMENT OF DEFENSE:		
<u>Direct payments:</u>		
<u>Bureau of Land Management:</u>		
Payments to States in Lieu of Real Estate Taxes	12.112	197,052
Total Department of Defense		<u>197,052</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2005

Federal Grantor/State Pass-Through Grantor/ Program Title	Federal CFDA Number	Expenditures
DEPARTMENT OF EDUCATION:		
<u>Direct payments:</u>		
Twenty-First Century Community Learning Centers	84.287	\$ 425,980
<u>Pass-through payments:</u>		
<u>Department of Education:</u>		
Title I Grants to Local Educational Agencies	84.010	1,495,602
Special Education Cluster:		
Special Education - Grants to States	84.027	1,990,387
Special Education - Preschool Grants	84.173	100,668
Adult Education - State Grant Program	84.002	216,300
Vocational Education - Basic Grants to States	84.048	166,273
Safe and Drug-Free Schools and Communities - State Grants	84.186	49,117
Fund for the Improvement of Education	84.215	173,666
State Grants for Innovative Programs	84.298	68,151
Education Technology State Grants	84.318	38,595
Advanced Placement Program	84.330	156
English Language Acquisition Grants	84.365	46,554
Improving Teacher Quality State Grants	84.367	392,381
State Education Services	84.369	3,000
		<u>4,740,850</u>
Total Department of Education		<u>5,166,830</u>
DEPARTMENT OF HOMELAND SECURITY:		
<u>Pass-through payments:</u>		
<u>Department of Emergency Management:</u>		
State Domestic Preparedness Equipment Support Program	97.004	190,155
Emergency Management Performance Grants	97.042	12,844
		<u>202,999</u>
Total Department of Homeland Security		<u>202,999</u>
Total Federal Awards Expended		<u>\$ 12,633,162</u>

COUNTY OF ROCKINGHAM, VIRGINIA

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Significant Accounting Policies

A. Basis of Presentation and Accounting

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the County of Rockingham, Virginia and component units of the Rockingham County School Board and the Harrisonburg-Rockingham Social Services District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Federal Financial Assistance – The Single Audit Act Amendments of 1996 (Public Law 104-156) and OMB Circular A-133 define federal financial assistance as grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations or other assistance. Nonmonetary deferral assistance including food commodities is considered federal assistance and, therefore, is reported on the Schedule of Expenditures of Federal Awards. Federal financial assistance does not include direct federal cash assistance to individuals.

Direct Payments – Assistance received directly from the Federal government is classified as direct payments on the “Schedule of Expenditures of Federal Awards.”

Pass-through Payments – Assistance received in a pass-through relationship from entities other than the Federal government is classified as pass-through payments on the Schedule of Expenditures of Federal Awards.

Major Programs – The Single Audit Act Amendments of 1996 and OMB Circular A-133 establish the criteria to be used in defining major programs. Major programs for the County of Rockingham, Virginia and its component units were determined using a risk-based approach in accordance with OMB Circular A-133.

Catalog of Federal Domestic Assistance – The Catalog of Federal Domestic Assistance (CFDA) is a government-wide compendium of individual federal programs. Each program included in the catalog is assigned a five-digit program identification number (CFDA Number), which is reflected in the accompanying schedule.

Cluster of Programs – Closely related programs that share common compliance requirements are grouped into clusters of programs. A cluster of programs is considered as one federal program for determining major programs. The following are the clusters administered by the County of Rockingham, Virginia and its component units: Child Nutrition, Special Education and Child Care.

COUNTY OF ROCKINGHAM, VIRGINIA

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Significant Accounting Policies (Continued)

B. Non-Cash Assistance

The County of Rockingham, Virginia participated in a federal program in which non-cash benefits are provided through the state to eligible program participants.

Food Distribution Program (CFDA Number 10.555) – The value of food commodities was calculated using the U.S. Department of Agriculture's Food and Nutrition Service commodity price lists. The accompanying schedule includes commodity distributions of \$324,371 for CFDA Number 10.555.

**INDEPENDENT AUDITORS' REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Honorable Members of the Board of Supervisors
County of Rockingham, Virginia

We have audited the basic financial statements of the County of Rockingham, Virginia, as of and for the year ended June 30, 2005, and have issued our report thereon dated September 16, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County of Rockingham, Virginia's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Rockingham, Virginia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. We also performed tests of compliance with the following program specific requirements as set forth in the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia: the Virginia Department of Education's requirements and the Virginia Department of Social Service's requirements, including the requirements for the Comprehensive Services Act. However, providing an opinion on compliance with those provisions and specifications was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Supervisors, management, the Auditor of Public Accounts, and other Federal and state agencies and is not intended to be and should not be used by anyone other than those specified parties.

PBGH, LLP

Harrisonburg, Virginia
September 16, 2005

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Honorable Members of the Board of Supervisors
County of Rockingham, Virginia

Compliance

We have audited the compliance of the County of Rockingham, Virginia, with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, that are applicable to each of its major Federal programs for the year ended June 30, 2005. The County of Rockingham's major Federal programs are identified in the Summary of Independent Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major Federal programs is the responsibility of the County of Rockingham's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards, specifications, and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County of Rockingham's compliance with those requirements.

In our opinion, the County of Rockingham, Virginia, complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The management of the County of Rockingham is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to Federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major Federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Supervisors, management, the Auditor of Public Accounts and other Federal and state agencies and is not intended to be and should not be used by anyone other than these specified parties.

PBGH, LLP

Harrisonburg, Virginia
September 16, 2005

COUNTY OF ROCKINGHAM, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2005

I. SUMMARY OF INDEPENDENT AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified	<u> </u> Yes	<u> √ </u> No
Reportable conditions identified that are not considered to be material weaknesses	<u> </u> Yes	<u> √ </u> None Reported
Noncompliance material to financial statements noted	<u> </u> Yes	<u> √ </u> No

Federal awards

Internal control over major programs:

Material weaknesses identified	<u> </u> Yes	<u> √ </u> No
Reportable conditions identified that are not considered to be material weaknesses	<u> </u> Yes	<u> √ </u> None Reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	<u> </u> Yes	<u> √ </u> No
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COUNTY OF ROCKINGHAM, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2005

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
93.658	Foster Care – Title IV-E
84.287	Twenty-First Century Community Learning Centers
93.778	Medical Assistance Program

Child Nutrition Cluster:

10.553	School Breakfast Program
10.555	National School Lunch Program

Dollar threshold used to distinguish between type A and type B programs \$ 378,995

Auditee qualified as low-risk auditee? √ Yes No

II. FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT AS REQUIRED TO BE
 REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT
 AUDITING STANDARDS

A. Reportable Conditions in Internal Control

None Reported

B. Compliance Findings

None

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

COUNTY OF ROCKINGHAM, VIRGINIA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2005

The prior year single audit disclosed no findings in the Schedule of Findings and Questioned Costs and no uncorrected or unresolved findings exist from prior audit's Summary Schedule of Prior Audit Findings.